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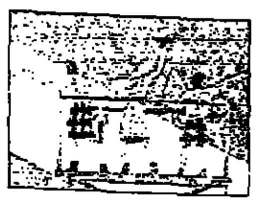

FT Weekend tomorrow
Do the Scots know who they really are?

Advertising to children
Big growth in volume becomes a worry
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Boat building
UK entrepreneur restores Riva's luxury models
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Israel's arms exports
Shipments to China could boomerang
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WORLD NEWS

Jewish groups warn of crisis on Holocaust deal

Jewish organisations warned that the international commission set up to resolve Holocaust survivors' insurance claims will face a crisis if it cannot reach compromises on several issues, including the valuation of policies and inflation allowance. The commission is to meet in London next month for what one Jewish leader called a "critical moment" for the scheme. **Page 14**

Premier accused over crash probe
Dutch prime minister Wim Kok failed to ensure that the 1992 crash of an El Al cargo jet into an Amsterdam apartment block was adequately investigated, a parliamentary inquiry found. **Europe, Page 3**

Gaullists act to fill gap
France's main rightwing opposition party, the Gaullist RPR, has moved swiftly to fill the gap created by last Friday's surprise resignation of Philippe Séguin, its leader, by confirming Nicolas Sarkozy, secretary-general, as interim leader. **Europe, Page 3**

China and US resume WTO talks
China and the US sought to recover lost momentum on talks to secure Chinese entry to the World Trade Organisation following the near-miss on an agreement earlier this month. **World Trade, Page 4**

World Bank doubts on debt relief
The president of the World Bank warned industrial countries not to demand greater debt relief for the world's poorest nations without being prepared to pay for it. **International, Page 4**

Warning over dollar adoption
Alan Greenspan, chairman of the US Federal Reserve, and Larry Summers, deputy US Treasury secretary, warned that a country adopting the US dollar as its currency could not automatically expect enhanced economic benefits or greater US support. **US, Page 6**

Jamaica begins clear-up
Heavily armed police and soldiers patrolled sections of Kingston and other Jamaican towns as municipal workers cleared debris which had been used to block roads during three days of violent protests against new taxes on petrol. **Caribbean, Page 6**

Move to promote 'cleaner coal'
British ministers announced a "cleaner coal" research programme in a bid to help industry win overseas contracts worth about £30bn ($48bn) over the next 10 years. **Britain, Page 9**

Nationalists on the defensive
The Scottish National party was forced to relaunch its faltering campaign for the Scottish parliament yesterday, amid evidence that the nationalist vote was collapsing. **Britain, Page 11**

Judicial body ruled out
The UK government has ruled out the creation of an independent, publicly accountable committee to appoint the country's most senior judges, despite pressure from its own MPs and predictions the judiciary will be increasingly involved in politically sensitive decisions. **Britain, Page 11**

BUSINESS NEWS

Ericsson's profits plunge 50% while rival Nokia's double

Nokia of Finland reported a near doubling of pre-tax profits in the first quarter to €758m, up from €387m, while Ericsson, its Swedish rival in the global mobile phone market, posted a profits plunge of more than 50 per cent to SKr1.3bn (€146m). **Companies and markets, Page 17; Philips eyes US standards, Page 18; Lucent rise beats expectations, Page 20; Turbulent telecoms, Page 25**

High-technology stocks roared back into favour on Wall Street. The sector rebounded after a brief sell-off, powered by strong first quarter results from International Business Machines. **Companies and markets, Page 17; Lex, Page 16; World stocks, Page 38**

SKF, Swedish engineering group and the world's largest producer of rolling bearings, is planning to sell assets worth SKr6bn-SKr7bn ($833m) in the latest stage of a restructuring. **International companies, Page 22**

Standard Chartered, UK-based international bank, agreed to buy a controlling stake in Bank Bali, one of Indonesia's largest private sector banks. **Page 16**

McDonald's, the world's largest burger restaurant chain, shrugged off the worst of the economic crises in Brazil, Russia and Asia to report a 12 per cent rise in first quarter earnings. **Companies and markets, Page 17**

The American Stock Exchange is to cancel a planned merger with the Philadelphia Stock Exchange in the lastest upheaval to hit the US options industry. **Companies and markets, Page 17**

Banca di Roma rejected a share swap merger proposal by the Turin-based San Paolo-IMI banking group to form the country's largest banking group with assets totalling about L550,000bn ($4.6bn).

PepsiCo defied turbulence in the soft drinks market with a 4.5 per cent rise in North American volume sales in the first quarter. **US companies, Page 20**

Japan's Securities Dealers' Association is to meet western bankers who are seeking clarification of the government's attitude towards secretive bond trades at artificial prices. **Asia-Pacific news, Page 8**

Orascom Technologies, Egyptian information technology company, plans an international listing for its operational arm. **International companies, Page 22**

Korean Air's chairman resigned over the national carrier's poor safety record and Korea Electric Power said its reformist president was expected to quit after losing a power struggle with the industry ministry. **Asia-Pacific companies, Page 21**

World Equity Markets
The latest trends and data from more than 50 national markets at a glance
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NATO SUMMIT TO ASSESS SUCCESS OF AIR STRIKES AS UK PM SETS SCENE FOR GROUND FORCE

Blair hawkish over Kosovo troops

By Our International Staff

Britain yesterday emerged as the most hawkish country in Nato on the issue of introducing ground troops into the alliance's military campaign against Yugoslavia, an option resisted by most other members.

Tony Blair, the UK prime minister, in a speech in Chicago last night before today's Nato summit in Washington, issued an impassioned statement of his determination that Nato action should continue until Kosovar Albanians are returned home.

"We cannot let the evil of ethnic cleansing stand. We must not rest until it is reversed... If we let an evil dictator range unchallenged we will have to spill infinitely more blood and treasure to stop him later," Mr Blair said.

In a sign of Britain's willingness to use ground troops, Mr Blair said: "Milosevic will have no veto on the entry of this international force."

The UK prime minister, emerging as a potentially pivotal figure in a manner reminiscent of Lady Thatcher's encouragement of President George Bush following Iraq's invasion of Kuwait in 1990, yesterday discussed the Kosovo crisis by telephone with Boris Yeltsin, the Russian president.

In a clear attempt to steel the alliance for a long campaign – and a possible ground offensive – Mr Blair said: "Success is the only exit strategy I am prepared to consider."

Leaders of the 19 Nato allies are due today to assess the success of their month-long bombing campaign. Though the issue of an invasion force is not officially on the agenda, they are expected to discuss the option but not take any decision.

A senior US official said Washington did not agree with widespread impatience among commentators about the lack of effectiveness of the bombing. "We don't think that the proposition is proven that we can't bring Milosevic to heel with air strikes," he said.

An official from a Nato government said that only Britain was pushing for the alliance to consider an opposed entry in Kosovo, while other European governments were leaning away from this option.

Nato governments have previously said they would only send ground troops into Kosovo in a "permissive environment", without defining this.

Robin Cook, UK foreign secretary, said: "There may be circumstances in which Belgrade has not signed a formal treaty in which it may be appropriate to go in."

But US officials said there was resistance in the Pentagon to a "third way" between a Yugoslav surrender and any other scenario, which the US military would regard as hostile.

The senior US official recognised there could be a grey area between "going through an open door with an invitation" and "busting the door down".

Military analysts said a possible consensus would be that, perhaps after two more months of bombing, Nato would declare Kosovo a "permissive" environment in the sense any force would meet little resistance.

Meanwhile, Russian envoy Victor Chernomyrdin was still in Belgrade last night after nine hours of talks with Mr Milosevic.

Reporting by Stephen Fidler and David Buchan in Washington, George Parker in Chicago and Alexander Nicoll in London

Kosovo crisis, Page 2
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Rome casts doubt over telecoms merger

Ministers press for meeting with Bonn amid concerns over €172.8bn link-up

By James Blitz in Rome, Ralph Atkins in Bonn, David Owen in Paris and Alan Cane in London

Connecting: Telecom Italia chief executive Franco Bernabè (left) and Deutsche Telekom head Ron Sommer announcing the €172.8bn merger deal   Picture: AP

Europe's biggest merger came under threat last night when it emerged that the Italian government – whose approval is critical for the merger to go ahead – still had serious objections to Deutsche Telekom combining with Telecom Italia.

Europe's largest and fourth largest operator respectively yesterday chose the neutral territory of London to announce a "merger of equals" to create a group with a market capitalisation of €172.8bn, and to create a European champion capable of competing in world markets.

The Italian government was last night pressing Bonn for a bilateral meeting amid signs that senior ministers in Rome had objections to the deal. Italian ministers said they could not back the plan unless the German government made a precise commitment to start selling its 72 per cent stake in Deutsche Telekom. A senior Italian Treasury official. "It is a point on which both [Treasury Minister Carlo Azeglio] Ciampi and Massimo D'Alema [the Italian prime minister] are completely agreed."

Meanwhile, France Telecom, allied with Deutsche Telekom in a number of ventures, issued a statement describing the Italo-German telecoms tie-up as an "explicit violation" of its agreements with the German operator, raising the prospect of legal action. Ron Sommer, Deutsche Telekom's chief executive, said he had told Michel Bon, France Telecom chief, the merger would not damage their relationship.

Mr Ciampi is understood to have told his German counterpart, Hans Eichel, he wants to convene a meeting of top government officials to set out in more detail the speed at which Bonn reduces its remaining stake in Deutsche Telekom.

Mr Eichel indicated Bonn was unwilling to revise the basic principles it set out this week in a letter sent to the Rome Treasury.

These were that the German government would sell its shares in Deutsche Telekom at its own tempo and according to financial market conditions, but that Bonn would not seek to influence the business strategy of the new group.

In London, Franco Bernabè, Telecom Italia chief executive said the new venture would have 72m domestic telephone lines, 33m wireless subscribers and more than one-fifth of the euro region's internet subscribers. The intention was to create a pan-European operator with global ambitions. "We want to take the best parts of both companies and forge them together," he said.

The venture, which is expected to face huge cultural, commercial and regulatory hurdles, is also aimed at blocking a hostile bid for Telecom Italia by Olivetti, the operator's smaller Italian rival. The Olivetti bid was last night approved by Consob, the Italian telecoms regulator.

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Merger hopes, Page 18

US gun group told to keep out of Denver

By Gautam Malkani in Washington

The mayor of Denver called on America's most powerful gun lobby group yesterday to cancel a conference in the Colorado city next week following the high school massacre that left 15 dead.

Mayor Wellington Webb said the National Rifle Association was not wanted in the city.

The Columbine High School killings were the latest in a series of school shootings over the past two years. But in spite of the outrage, gun control advocates do not believe the killings will lead to tighter restrictions on US citizens' right to bear arms.

There were, however, some indications that Tuesday's shootings may have broader political ramifications, with several states shelving pro-gun bills.

In Colorado, two bills that would have eliminated city and county gun controls and made it easier for people to carry concealed weapons were withdrawn by their sponsors. Florida also postponed a bill to insulate gunmakers from lawsuits.

In Illinois, George Ryan, the Republican state governor, cited the shooting when he asked legislators to act quickly to pass a measure that would punish parents who allowed young children access to guns.

Meanwhile, Texas brought forward a vote on anti-firearm legislation. The bill's sponsor Debra Danburg, a Democrat, suggested it may have been deliberately voted out of committee on the evening of the massacre to avoid a backlash against gun liberalisation.

In Denver, Mr Webb urged residents to call the NRA, which has already scaled down its annual meeting and tell it not to come. In a letter to the NRA, he said: "As you know, I cannot force you to cancel your event. However, I am requesting that the NRA voluntarily cancel this convention."

In a letter to NRA members, Charlton Heston, the film star who is its president, said: "We must stand in sombre but unshakable unity, even in this time of anguish. That's why we need you, more than ever, to attend [next week's] gathering."

Senator Edward Kennedy said he would refine the Children's Gun Violence Prevention Act, a federal bill that would hold parents responsible if their children got hold of guns, and bring it forward for debate in Congress in the next few days. "It is long past time to stop allowing the NRA to dictate what is right and what is wrong on gun control," he said.

Denver tribes, Page 6

WORLD MARKETS

STOCK MARKET INDICES		
New York lunchtime		
Dow Jones Ind Av	10,709.14	(+127.72)
NASDAQ Composite	2,539.57	(+50.49)
Europe and Far East		
CAC40	4,291.85	(+0.25)
DAX	5,218.82	(+55.53)
FTSE 100	6,413.6	(+102.6)
FTSE Eurotop 300	1,298.83	(+15.47)
Nikkei	16,885.88	(+170.86)
US LUNCHTIME RATES		
Federal Funds	4.625%	
3-mth Treas Bills: Yld	4.38%	
Long Bond	$95\frac{7}{32}$	
Yield	5.58%	
OTHER RATES		
UK: 3-mo Interbank	$5\frac{1}{4}$%	($5\frac{3}{32}$)
UK: 10 yr Gilt	110.27	(110.76)
Euro Euribor	2.596%	(2.601)
Germany: 10 yr Bund	99.38	(99.47)
Japan: 10 yr JGB	104.018	(103.74)
NORTH SEA OIL (Argus)		
Brent Dated	$16.25	(16.056)

GOLD		
New York: Comex		
(Apr)	$283.9	(284)
London:	$283.25	(283.95)
DOLLAR		
New York: lunchtime		
£	1.6128	
€	0.9422	
SFr	1.5095	
Y	119.715	
London:		
£	1.6112	(1.6068)
€	0.9437	(0.9427)
SFr	1.5103	(1.5807)
Y	119.595	(119.8)
Tokyo close:		Y 120.06
EURO (London)		
$	1.0597	(1.0608)
£	0.6587	(0.6603)
Y	126.729	(127.078)
SFr	1.6004	(same)

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Euro-zone target price €2.15. Prices in local currency as shown

Bahrain	Din1.300	Iceland	IKr265	Oman	OR1.75
Belgium	BFr90 (€2.23)	Italy	L3900 (€2.01)	Poland	Zl 19.00
CIS	US$4.00	Jordan	JD1.75	Portugal	Esc320 (€1.60)
Croatia	Kn19.00	Kuwait	KWD0.750	Qatar	QR13.00
Denmark	DKr18.00	Latvia	Lat1.65	South Africa	R16
Estonia	EKr34.00	Lithuania	Lit21.00	Spain	Pta325 (€1.95)
Finland	FmK13.00 (€2.19)	Lebanon	LBP3,500	Sweden	SKr20.00
France	FFr14.00 (€2.13)	Luxembourg	LFr90 (€2.23)	Switzerland	SFr3.50
Gibraltar	£0.85	Morocco	Dh18.00	Syria	S£80.00
Greece	Dr500	Netherlands	Fl 4.80 (€2.18)	Tunisia	Din2.000
Hungary	Ft380	Norway	NKr19.00	UAE	Dh13.00

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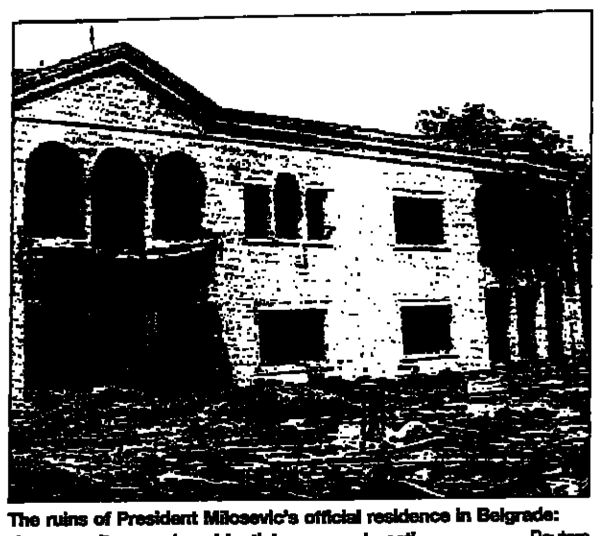
Milosevic's villa with a history succumbs to bombs



The ruins of President Milosevic's official residence in Belgrade: Nato says it was a 'presidential command post' Reuters

By Guy Dinmore in Belgrade

The German SS used it as their headquarters in 1941. Tito lived there until his death in 1980. More recently the elegant, whitewashed villa on the edge of Belgrade was the official residence of Slobodan Milosevic, the Yugoslav president. Yesterday morning it was a smoking ruin.

Three laser-guided bombs fired by Nato aircraft hit a bedroom, living room and dining room just before dawn, according to Yugoslav officials. State television showed the burnt-out shell, masonry littering the grounds and curtains hanging from fir trees like some bizarre Christmas decoration.

Nato said the villa, number 15 Uzicka Street, was a legitimate military target, the command and control centre of Mr Milosevic. But Nebojsa Vujovic, a foreign ministry spokesman and Yugoslavia's eloquent answer to Nato's Jamie Shea, said the purpose of the attack was to give the western alliance something to celebrate on its 50th anniversary today.

"Nato bombs are turning our bedrooms and living rooms into a killing field... This murderous crime cannot break our freedom-loving spirit," Mr Vujovic told the press, denying the residence had any military function.

Goran Matic, the Yugoslav minister in charge of the media, described the bombing as an "attempt to assassinate the president of a sovereign country". The building was empty and nobody was hurt when the bombs struck.

The villa stands in sweeping, tree-lined grounds in Belgrade's elite Dedinje suburb, guarded by troops who used to wear ceremonial blue uniforms and carry fixed bayonets but are now in full battledress with automatic rifles. The complex includes what was Tito's favourite billiard pavilion (fitted with his own coffee-maker), a lodge for his hunting trophies and a circular building that contained art treasures but was converted by Mr Milosevic with fine Italian fixtures into a meeting room for his trusted inner circle.

Tito, who was obsessed with his security and always travelled with a food-taster, had a bunker and command centre built there. But officials, who asked not to be named, insisted these had since been turned into underground kitchens.

The villa was first built in 1936 by a wealthy Serbian trading family, but taken over by German occupation forces in 1941. Tito's partisans "liberated" the building in 1944 and then, as president, he nationalised it, along with the nearby Beli Dvor palace that was once the property of the Karadjordjevic monarchy.

It is widely believed in Belgrade that Mr Milosevic and his wife, Mira Markovic, moved out of their residence some weeks ago and spend their nights safely underground elsewhere. Yugoslav construction workers, who built bunkers for the Iraqi regime of President Saddam Hussein, have plenty of experience from the Cold War days.

Analysts see the attack on the residence, a day after bombs gutted the Belgrade headquarters of the ruling Serbian Socialist party, as another sign that Nato has little interest in striking a deal with Mr Milosevic and is trying to personalise the conflict.

More worrying from the military standpoint from Belgrade's point of view is the steady destruction of Serbia's infrastructure. Six bridges over the Danube have been wrecked or badly damaged, leaving just one on the outskirts of Belgrade linking central Serbia with the northern province of Vojvodina.

RECEPTION AREAS RELIEF AGENCIES ARE STILL STRUGGLING TO BUILD NEW FACILITIES

After the exodus, refugees must suffer the squalor of the camps

By Kevin Done in Shkodra, Albania

The squalor of the disused tobacco factory among the wilderness of wrecked and abandoned industrial buildings on the edge of Shkodra, the main town in the north of Albania, is unspeakable.

On four storeys of a brick barracks young faces peer through the rusted bars of gaping, broken windows on to a dirt yard that has become a sea of mud mixed with diarrhoea. There is no sanitation for around 3,000 people.

This abandoned factory is one of the reception points for refugees coming into north-west Albania through the Yugoslav republic of Montenegro. The nearby crossing at Hani I Hoti is the forgotten border of the refugee crisis.

Most of the huge refugee influx of the past four weeks has come directly from Kosovo to Kukes in the mountains in the north-east, estimated yesterday to total now more than 325,000.

For the moment that tide has ebbed, although some 640 crossed yesterday saying that larger groups were behind them.

The flow through Montenegro, however, is still growing, reaching 3,000 on Wednesday, the highest daily total to date.

The refugees are being brought from the border to Shkodra by bus, and as the international relief agencies struggle to build new facilities there, many have little choice but to stay in the abandoned factory buildings.

On floor after floor, families of all ages are crammed in long dark rooms on bare concrete floors, the air thick with dust, with makeshift beds made just from the slatted shelves and filthy straw matting once used to dry tobacco.

The aid agencies are barely present as yet except for a small team of doctors and nurses from Northwest Medical Teams from the US, trying to dispense first aid and medicine inside an open doorway.

A middle-aged woman lies waiting, propped against the wall, her leg raw from open ulcers.

"One woman said she was hiding for eight months in the open in the woods in Kosovo," said Maureen O'Keefe, an American nurse. "Another said she lived in a cave for weeks. Some say they have seen their husbands shot in front of their eyes, their houses burned. These are not good conditions here, but there is nowhere else to go."

Security fears are expected to accelerate the flow from Montenegro, where there is growing tension between the pro-western government and the resident 2nd corps of the Yugoslav army. Montenegro is already sheltering more than 70,000 refugees from Kosovo and some have begun to flee again following the reported killing of six refugees in the mountain village of Kaludjerova Laz in the Rozaje area early this week.

According to sources in Montenegro, Yugoslav army and paramilitaries are operating in the Rozaje area inside the Montenegro border against fighters of the KLA, the Kosovo guerrilla forces.

The Yugoslav army command centre in Montenegro said it had liquidated a terrorist group in the village and had killed four.

Witnesses told local news agencies in Montenegro that the dead included a 70-year-old woman and a 13-year-old boy. No bodies were found. Witnesses said the bodies had been removed by Serb paramilitaries.

KOSOVO UPDATE

Border clash

Serb forces and Albanian border guards exchanged fire for one hour near the remote village of Dobrune, 115 km north of the Albanian capital Tirana, according to the Organisation for Security and Co-operation in Europe.

It was the second such clash, although less serious than the first on Tuesday. Yugoslavia broke off diplomatic relations with Albania last Sunday, accusing it of siding with Nato.

More routes

Romania's parliament, determined to keep alive the country's hopes of joining Nato, agreed to allow unrestricted use of its airspace to alliance aircraft running bombing missions in Yugoslavia. A special session of both houses voted 225 to 21 to grant the Nato request, with 99 abstentions. The issue had prompted anguished discussion about balancing the drive to join Nato with centuries-old links with Romania's fellow Orthodox Serb neighbours.

The former Yugoslav republic of Slovenia said it would allow Nato forces to cross its territory if the decision to send in ground troops should be taken.

Nuclear Security

Bulgaria said yesterday it had taken special security measures at its nuclear power plant on the Danube, 100km from the Yugoslav border, due to the possibility that Nato aircraft would use Bulgarian airspace for strikes against Yugoslavia.

Border reopened

Montenegro's border with Croatia was operating normally after the Yugoslav army closed it for two days, although the army has kept a post inside the border and is denying access to foreigners without valid Yugoslav visas. Nato warplanes had roared over the border area in the morning in what local officials described as a clear warning to the army.

UN access given

The United Nations said yesterday it had just been granted access to some 6,000 Kosovo refugees stranded on a wind-swept ridge in Macedonia after police had blocked entry to aid agencies and journalists for three days. One child was said to have died at the camp.

Refugee Update

Population of Kosovo: 1,956,196 (1991 census). Ethnic Albanians in Kosovo: more than 1,800,000 (estimate). Displaced from Kosovo homes in past year: 980,000 (Nato, Friday).

Left Kosovo since air strikes began on March 24: 591,600 (UNHCR, Thursday). Fled or expelled from Kosovo since fighting began in March 1998: over 770,000 (UNHCR estimate, Wednesday).

Alliance goes for oil jugular

Imminent embargo is designed to complement air strikes, write Robert Corzine and Kerin Hope

Ancient armies marched on their stomachs. Modern ones need diesel and jet fuel.

That is what lies behind much of Nato's bombing strategy in Yugoslavia. It also helps explain the urgency with which the European Union moved this week to plug a critical gap in its sanctions regime against Yugoslavia.

Last year Serbia produced only 18,000 barrels of crude oil a day, compared with consumption of 52,000 b/d, according to the US Department of Energy.

Yesterday EU officials said a ban on the shipment of oil and refined petroleum products to Yugoslavia could take effect from the middle of next week: "Things are happening very fast," said a spokesman.

"We're doing it as quickly as possible."

The European Commission, the EU's executive, was due to adopt technical proposals yesterday to implement the ban, which was agreed in principle on Wednesday. EU foreign ministers are expected to give their assent on Monday.

The embargo was agreed after several EU and Nato governments expressed concern that the air campaign to destroy Serbia's oil refineries and fuel stockpiles was being undermined by continuing petroleum exports to Yugoslavia.

Two EU and Nato members – Italy and Greece – were singled out as being among the main suppliers, although shipments were also sent from such hardline Nato countries as the UK.

Greece and Italy at first expressed reservations about a ban, citing legal and economic grounds. But an exemption to allow supplies for humanitarian purposes appears to have persuaded them to support the embargo.

The new sanctions affect both Yugoslav republics, although Montenegro yesterday said it would seek an exemption.

Oil en route to Montenegro and Serbia is not covered by the ban.

A broader embargo to prevent the supply of oil through non-EU countries will be on the agenda when Nato leaders meet in Washington this weekend.

Many oil industry experts say considerable damage appears to have been done to some of the most crucial elements in Serbia's petroleum supply system.

The strikes against its two refineries at Novi Sad and Pancevo have produced some of the most vivid television images of the air campaign, and experts say Nato's claim earlier this week to have rendered them inoperable appears valid.

Nato is assumed to have employed similar techniques used by the allies when they attacked Iraqi refineries in the Gulf war. After that conflict ended the manager of the Daura refinery outside Baghdad said the accuracy of the attacks was such "it was as if the designer of the refinery was in the bomber's cockpit".

Nato aircraft have repeatedly struck the Serbian refineries.

Yesterday Serbia's Beta news agency reported two detonations near Novi Sad, and said smoke could be seen coming from the direction of the refinery.

Oil experts say such follow-on strikes might be aimed at storage tanks containing refined products, such as gasoline, diesel or jet fuel.

Or they may be aimed at preventing the Serbs from patching together a simple distillation process which, while only capable of boiling crude oil, might nevertheless produce inferior grades of some refined products.

As long as the refineries remain inoperable, the size of Serbia's crude oil stockpiles – and the significance of any fresh crude supplies – would be militarily irrelevant.

And in these circumstances the level of refined product stocks and Serbia's ability to replenish them become more critical.

Nato's assault on the bridges over the Danube has been designed in large part to prevent fuel-carrying barges from using the waterway, which served as the main conduit for illicit oil supplies into Serbia when Belgrade was under a United Nations oil embargo during the Bosnian war.

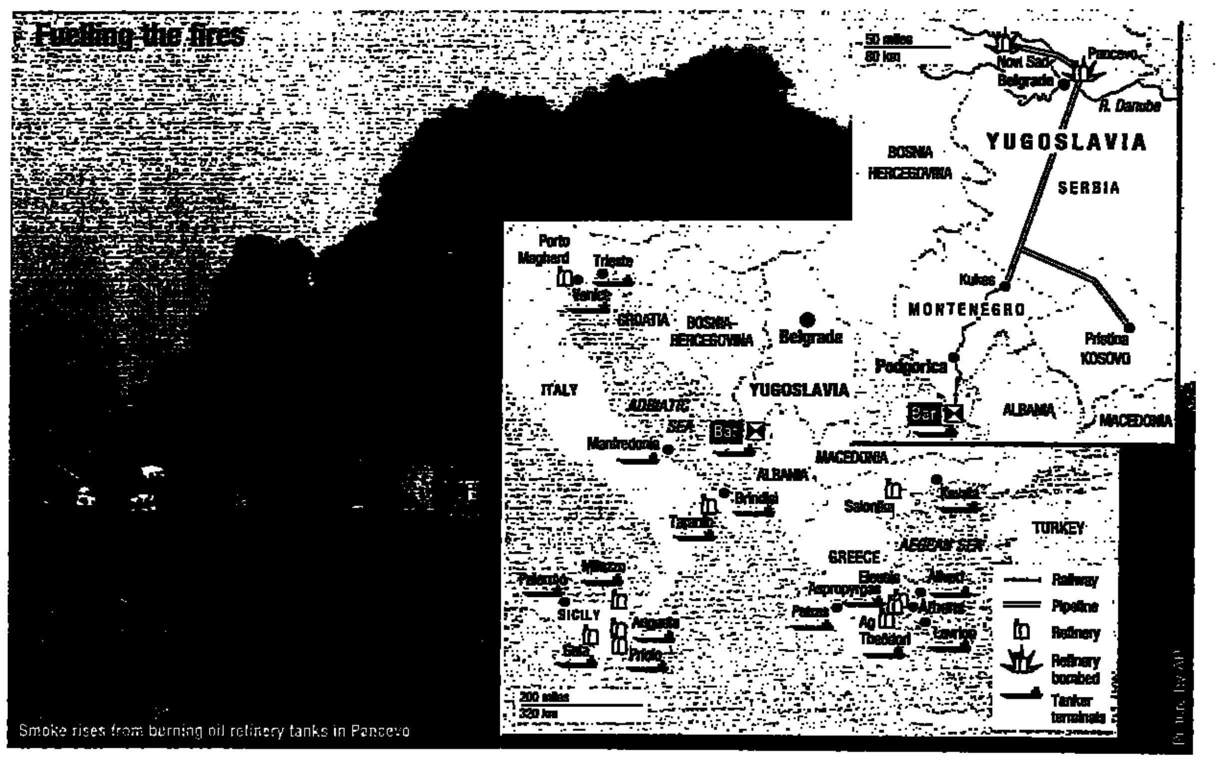
"Be sure oil will still get to Yugoslavia, whatever the EU decides," said a Piraeus-based trader yesterday. "The profits will be immense. And the way Greeks feel about what's happening to the Serbs, they'll make sure they send it."

Greece was criticised during the Bosnian war for failing to crackdown on sanctions-busting by Greek companies.

Trucks transported oil products from Greece to Serbia, through Bulgaria. Small tankers, registered under flags of convenience and loaded at ports in Albania or from bigger vessels in the Mediterranean Sea, would hug the coast and offload petrol by night at ports in Montenegro.

This time, trucks would be exposed in Serbia to attack by Nato aircraft. But small Greek tanker operators may again be tempted to run a Nato blockade in the Adriatic, although the Nato military presence in Albania would make it harder to use ports there.

Another difference is that the present Socialist government is backing Nato. The Greek conglomerates accused of breaking sanctions during the Bosnian war have lost much of their influence and their activities would come under closer scrutiny, analysts said.



Smoke rises from burning oil refinery tanks in Pancevo

War tests Germany's Red-Green coalition

By Haig Simonian in Berlin

Like the aftershock from a Cruise missile strike, the war in Kosovo has sent tremors through the ruling Red-Green coalition of Social Democrats and environmentalist Greens in Bonn.

Having shaken the government's foundations, the risk is growing that prolonged Nato attacks or possible deployment of ground troops could bring the whole edifice down.

Gisela Altmann, a junior minister, last weekend became the first Green member of government publicly to oppose German support for Nato's strikes.

This week the reservations among leaders of the party appeared to have deepened after Jürgen Trittin, the Green environment minister, on a visit to Washington, was reported to have criticised the strikes.

Mr Trittin, a leading representative of the party's radical "fundamentalist" wing, had already crossed swords with Joschka Fischer, foreign minister and head of the Greens' "realist" faction.

In spite of public soul searching, Mr Fischer – a self-confessed anti-war activist of the 1970s – has staunchly backed the government's line on Kosovo, arguing that violence is, in some circumstances, justified.

The response of the Social Democratic party (SPD) to Ms Altmann and Mr Trittin's alleged comments came fast. On Monday Uwe-Karsten Heye, the government spokesman, suggested Ms Altmann should reconsider her position as a minister. Gerhard Schröder, the chancellor, later said one mistake was forgivable, implying he would be less lenient a second time.

Mr Trittin's spokesman claimed he had been misquoted and said he still supported the government's line.

But Mr Trittin has distanced himself from the government's tough approach by stressing the dangers of prolonging or escalating the conflict.

Mr Schröder's troubles are not limited to the Greens. Some members of the SPD, which has a powerful left-leaning, anti-military wing, have decried the government's decision to send Luftwaffe aircraft into combat – the first time since 1945.

Nevertheless, Mr Schröder felt strong enough yesterday to heap praise on Nato's role during a special parliamentary debate on the organisation's 50th anniversary.

The impact of Kosovo among Greens has been much greater than on the SPD. Responding to grass-roots calls to re-examine the party's policy, Green leaders this month agreed to hold a conference on Kosovo on May 13.

The gathering will expose deep divisions in a party rooted in the environmentalist and pacifist movements of the 1970s.

Just possibly it could provoke a split between pro-government and anti-military members.

Aware of such risks, the party's leadership has been struggling to maintain its commitment to the government while distancing itself from the fighting. The task – difficult enough – has been complicated by Mr Fischer's prominence as foreign minister and advocate of government policy.

At a meeting of the party's main committee in Berlin this week, the Greens devised a new spin: while still supporting the government, they said they would no longer back attacks on civilian targets in Yugoslavia or on Montenegro. "It is increasingly doubtful what Nato's air strikes are achieving," said Antje Radcke, the Greens' co-leader.

Whether such contortions will be enough to prevent a split next month remains unclear.

Ms Radcke and leaders of the Greens' two factions have played down the chances of a rift. But all admit a rupture is more likely the longer the bombing continues without obvious results.

This week the government said it might send 150 army communications specialists to Albania, along with a further 400 troops to set up a new refugee camp and a squadron of transport helicopters.

Mr Fischer has tried to stress the benefits for the Greens of staying in government as a lever on policy. He has warned that a majority vote at next month's conference against the government line would trigger a different coalition in Bonn – but not a different policy.

It is not yet clear, however, whether his advice will be heeded.

Mixed views from the new members

By Robert Wright in Budapest, Robert Anderson in Prague, Chris Bobinski in Warsaw and Stefan Wagstyl in London

Poland, Hungary and the Czech Republic had hoped this weekend's Nato 50th anniversary ceremonies would be a celebration of their entry into the alliance.

Instead of a party, the three countries' leaders face some difficult choices.

Only in Poland is public opinion solidly behind the air campaign. Hungarians are divided and Czechs are mostly opposed to their own government's decision to support the bombing.

When it comes to ground troops, Hungarians and Czechs are dead against, particularly if their own troops are to be involved. Poles are somewhat less opposed, with 36 per cent of those asked in a recent survey saying they would support the use of ground troops.

The arguments are particularly heart-felt in Hungary, which borders Yugoslavia and which is concerned about a large Hungarian minority of 340,000 in Yugoslavia's northern province of Vojvodina. Janos Martonyi, foreign minister, has criticised the bombing of Subotica, a 50-per-cent Hungarian town near the border.

The government has made it clear no Hungarian troops will be committed to Kosovo – the only Hungarians involved so far are army doctors sent to Albania after a long parliamentary debate.

Hungary's skies are protected by foreign aircraft since Hungary's former Warsaw pact force would be completely inadequate. Hungarian air bases are not being used for air strikes.

The government has also insisted that Hungary will not be a launching point for any land invasion. Mr Martonyi said yesterday he did not expect Hungary to be asked at the Washington summit to permit ground attacks from its territory. With Hungarian armed forces clearly out of the conflict, the factor most likely to sway public opinion would be a big offensive against the Vojvodina Hungarians or a big influx of ethnic Hungarian refugees beyond the 500 or so who have so far arrived.

After early wobbles the Czech government has swung behind the Nato air strikes, this week approving refuelling of war plans at Czech airports and transit for Nato troops. However, the Social Democrat government has ruled out the participation of Czech troops in any ground offensive.

Jan Kavan, foreign minister, said: "I cannot imagine the Czech government agreeing to the Czech army's participation in any kind of ground force operation of Nato member states on the territory of Yugoslavia against the will of the Yugoslav government."

In Poland, the government presents the conflict as a human rights issue which demanded a response from Nato. Aleksander Kwasniewski, the president, says, "The fact that what is happening outside our borders doesn't mean that this is not our problem."

Ominously, many Poles, particularly the less educated, believe the conflict could yet lead to world war. This is especially true for those old enough to remember the second world war.

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EL AL CRASH REPORT FINDS DUTCH GOVERNMENT FAILED TO ENSURE ADEQUATE INVESTIGATION

Kok blamed over inquiry

By Gordon Cramb in Amsterdam

Wim Kok, the Dutch prime minister, failed to ensure that the 1992 crash of an El Al cargo jet into an Amsterdam apartment block was adequately investigated, a parliamentary inquiry found yesterday.

The cross-party commission of parliamentarians said that, as health complaints grew in the middle of the decade among hundreds of those exposed to the wreckage, it was "incredible" that the issue had never been substantively discussed by the cabinet.

"The fact that the prime minister not for one moment fulfilled his position as chairman of the ministerial council on this subject is found by the commission to be not in conformity with his function." Ministers too often gave parliament "unclear, incomplete, tardy or incorrect information," the inquiry maintained.

The aftermath of the crash, in which at least 43 died, has grown into one of the most difficult domestic issues to have confronted Mr Kok in his 4½ years at the head of a three-party centre-left coalition. He said yesterday, before flying to Washington for Nato consultations on the Kosovo conflict: "I take all the conclusions seriously, and we will go through these systematically in the cabinet."

The opposition Christian Democratic CDA spoke of a disconcerting picture of a wait-and-see government lacking in vigour. But its criticism was guarded – the CDA was in office at the time of the disaster along with Mr Kok's social democratic PvdA. Paul Rosenmöller, leader of Green Left, the other main opposition grouping, called the report politically explosive and said consequences for the government were inescapable.

There were few calls for ministerial resignations, however. Ahead of a parliamentary debate on the report in mid-May, some discern a widespread wish in The Hague not to destabilise the government when Dutch forces are taking part in the Kosovo operation.

Most at risk are Mr Kok's two vice-premiers, in particular Els Borst, health minister since 1994. Although the commission found nothing hazardous in the freight on board the Boeing 747, it established a direct relationship between health complaints and the disaster. The blaze itself generated toxic substances, and cases of post-traumatic stress increased in number and severity because patients were not screened.

The transport department headed until last year by Annemarie Jorritsma – now at economic affairs – made inadequate efforts to trace the cargo documents for the flight. Both women said last night they would defend themselves before parliament next month.

Israel was also criticised, with the five-member commission saying it is "incomprehensible" more co-operation was not given sooner. Uncertainty about the cargo had increased public disquiet amid fears that chemical weapons were on board.

Apartments where the El Al cargo jet crashed in 1992 AP

Gaullists move quickly to fill top party post

By Robert Graham in Paris

France's main rightwing opposition party, the Gaullist RPR, has moved swiftly to fill the gap created by last Friday's surprise resignation of Philippe Séguin, its leader.

Nicolas Sarkozy, the party's ambitious 45-year-old secretary-general, has been confirmed as interim leader and has taken over Mr Séguin's place at the head of the RPR list of candidates for the European parliamentary elections in June.

The RPR's earlier pact to fight these elections with the liberal DL headed by Alain Madelin has also been reaffirmed by both parties.

The speed of the changeover, however, has done little to soften the shockwaves caused by the departure of Mr Séguin who resigned in protest over the way President Jacques Chirac and his entourage sought to control the party.

More than ever the RPR has become the president's party, while its ideology has taken a further step away from its Gaullist roots.

Analysts believe these two latter elements risk exacerbating the divisions among the parties of the right and further fragment the electorate.

Mr Séguin had made no secret of his increasingly awkward relationship with President Chirac. Their visions of Europe were ever more apart.

Mr Séguin opposed the Maastricht Treaty on the traditional Gaullist view it undermined French sovereignty and he was uncomfortable with President Chirac's embrace of economic and monetary union.

He also realised he would never be able to mount a bid for the presidency in 2002 while leading the RPR since this was the vehicle for Mr Chirac's own ambitions. That he chose to resign at a delicate moment in the Kosovo conflict when President Chirac needed a united front from his own political camp underlined the extent of the rift.

Briefly his departure raised hopes the RPR would patch up its differences with the centrist UDF, the second largest party of the right.

François Bayrou, the UDF leader, had been refusing to fight the European elections on the same ticket as the RPR because he said Mr Séguin's Euro-scepticism was incompatible with the centrists' strong belief in a more federal EU.

However, Mr Bayrou this week rejected all overtures, and committed his party to go it alone. He clearly did not wish to be under the direct shadow of President Chirac.

This stance was rewarded by a jump of three percentage points to 10 per cent in an opinion poll yesterday. In contrast those favouring an RPR-DL ticket in the European elections fell to 16 per cent.

Workers offered stake in Telecom Eireann

By John Murray Brown

The word "privatisation" never passed Mary O'Rourke's lips as she launched what she called the Telecom Eireann (TE) share offer this week. But the announcement by Ireland's minister for public enterprise of a flotation of "at least 20 per cent" of the company this summer marks a shift in official attitudes to the sale of state companies.

Successive Irish governments have baulked at the idea, but the Fianna Fail-led coalition has approached it with a new pragmatism.

Asked what the government intended to do with the proceeds, Mrs O'Rourke said that would be up to the cabinet. But Ireland's public finances are in such a robust state – with a budget surplus for the first time last year – that the government does not need the revenues.

Henry Gibbon, publisher of Privatisation International in London, says in any privatisation fund managers and other investors will be looking at issues such as whether revenues will be improved through greater efficiency or higher prices.

On improving efficiency through lower labour costs, TE, under its agreement with the unions, has secured 2,500 redundancies out of a workforce of 11,000 as part of the employee share ownership scheme which sees the workers take a 14.9 per cent stake in the company.

This is perhaps the unique aspect of the TE privatisation, and has enabled the company to scale back its workforce and introduce changes in working practices, with the full agreement of the trade unions.

There was concern that Ireland had perhaps missed the boat. A large number of the European telecoms companies are already on the market. TE had difficulty finding a strategic partner, settling for a consortium of KPN, the Dutch operator, and Telia of Sweden – not exactly the "top drawer" of European telecoms.

But Jemma Houlihan, telecoms analyst with ABN Amro in London, argues the TE sale is "optimal timing". With few other European telecoms companies set for privatisation this year the field is open for TE.

One London-based US analyst described the sale as "the most exciting story" around. "The market is looking for value. Size is not important. What's important is: is it cheap?" he said.

The sale will give investors an opportunity to invest in Europe's fastest growing economy, where TE has the dominant position, with 90 per cent of the fixed line market and 70 per cent in mobile.

As an English-speaking country, the internet is expected to take root more easily than in non-English markets. In addition, Ireland has what analysts call the "blue sky" attractions – the less easily quantified advantages as the largest pan-European call centre location.

Ireland may be a small market, but fixed-line penetration is still below European norms at about 87 per cent of households.

However, analysts say the real engine of growth in any market is in the mobile sector, and they say that TE has sensibly hung on to its dominant position in the market.

On pricing, there is little scope as increased competition following the full liberalisation of the market from the start of the year means that tariffs are likely to fall rather than rise. As for efficiency gains, TE's fixed-line infrastructure is already well developed.

Gerry O'Sullivan, director of public affairs at TE, says Ireland is the only country in Europe where every user is connected to a digital exchange.

Dick Spring, former leader of the Labour party – which was the main opponent of privatisation – has now been appointed as the union's nominee to the TE board.

One London broker said that giving the workers shares was "a great idea". "You have to remember the most important thing in all privatisations is the need to change the culture of the company."

NEWS DIGEST

MAINSTREAM PARTIES HIT

Turkish party chief quits after poor poll result

Deniz Baykal yesterday became the first party leader in recent Turkish history to resign his post, following the disastrous showing of the centre-left Republican People's party in Sunday's general election. The party, founded by Mustafa Kemal Ataturk, the founder of the Turkish republic, was ejected from parliament after falling below the threshold of 10 per cent of the national vote.

Mr Baykal was blamed for the party's defeat after unpopular moves which included his rush last year to topple the country's previous coalition government.

Three out of Turkey's four mainstream parties saw support slip in an election which catapulted the rightwing Nationalist Action party into second place in parliament. It was able to capitalise on growing disillusionment with squabbling politicians. **Leyla Boulton, Ankara**

ELECTRONIC COMMERCE

EU backs signatures directive

European Union telecoms ministers yesterday attempted to remove one of the last obstacles to cross-border electronic commerce by backing a directive on electronic signatures.

To facilitate a single market the directive creates a legal framework for electronic signatures and aims to ensure that different systems are compatible. It establishes that a signature should not be denied legal validity solely on the grounds that it is in electronic form.

However, as part of attempts to spread the use of electronic commerce, ministers agreed that providers of services related to electronic signatures would not need authorisation from governments.

The ministers' agreement, approved at a meeting in Luxembourg, will be sent to the European Parliament, which has "co-decision" powers with EU governments on the issue. **Michael Smith, Luxembourg**

CZECH PRIVATISATION

Big retail bank up for sale

The Czech government yesterday put on sale its 45 per cent stake in Ceska Sporitelna, the country's biggest retail bank. The move comes as final bids are about to arrive for the state's 66 per cent stake in Ceskoslovenska Obchodni Banka, the country's fourth biggest bank, and demonstrates the new urgency in the Social Democrat government's bank privatisation programme.

The invitation for expressions of interest in Ceska Sporitelna is expected to lead to preliminary bids by the end of July, final bids in October and the sale of the bank by the end of the year.

In order to prepare the troubled bank for privatisation the government has already taken over Kč10.5bn ($297m) of the bank's bad loans and subscribed to a Kč5.5bn subordinated debt issue. The government is also committed to taking part in an up to Kč7.6bn doubling of equity and will decide next month on further restructuring of the loan portfolio following an independent audit by Arthur Andersen. **Robert Anderson, Prague**

CYPRUS

Missiles arrive on Crete

Russian anti-aircraft missiles have arrived on the Greek island of Crete after Turkey strongly objected to plans to install them in Cyprus, the Greek government said yesterday. The S-300 surface-to-air missiles were ordered from Russia by the Cypriot government in an attempt to counter Turkish air superiority over the divided island.

Turkey reacted angrily to news of the order, threatening to use force to prevent the missiles arriving on Cyprus. Glafcos Clerides, Cypriot president, reached an agreement with the Greek government earlier this year to install the missiles in Crete.

Mr Clerides had come under pressure from Washington and the EU to cancel the order, for fear that it might heighten tension between Greece and Turkey, which are both members of Nato. **Reuters, Athens**

German minister cautious on growth

By Ralph Atkins in Bonn

Hans Eichel, Germany's new Social Democratic finance minister, highlighted his conservative instincts yesterday by admitting the government's forecast of 2 per cent economic growth in 1999 would be revised downwards. He also said the country's high nominal tax rates were a "big problem".

In his first news conference in Bonn since succeeding Oskar Lafontaine, who resigned as finance minister in March, Mr Eichel also said the next wave of tax reforms in Germany could take longer to implement than hoped. But he wanted a "competitive tax framework".

His frankness contrasted with the tone set by Mr Lafontaine who embarked on a series of changes at the finance ministry in his five months in office – and infuriated industry with tax reforms that increased the burden on business. But Mr Eichel is expected to keep the additional departments which Mr Lafontaine added to the ministry from the economics ministry.

Mr Eichel said tax reforms would take time in order to "avoid the need for subsequent correction". A pledge to cap maximum rates paid by corporations at 35 per cent would be implemented in stages rather than from the start of next year. Plans for further increases in energy taxes, as part of an "ecological" tax reform could be stymied by the lack of agreement at a European level, with Spain resisting strongly.

Mr Eichel wanted the next wave of tax reforms to be considered in the context of overall pressures on the budget. Decisions may not be clear until mid-year when the 2000 budget would be agreed by cabinet.

German companies can pay marginal tax rates in excess of 60 per cent, although they have also benefited from many loopholes which the current government has sought to close. Mr Eichel refused to say whether the new corporate tax system would involve a net giveaway for business.

Achieving the 35 per cent goal is complicated by Germany's system of local trading taxes, which are a vital source of funds for municipalities and anchored in the post-war constitution.

Mr Eichel also signalled he would focus on government spending. Earlier this week, the International Monetary Fund predicted a 1.5 per cent growth rate for Germany in 1999.

World Bank warning over debt relief costs

By Robert Chote, Economics Editor, in Washington

James Wolfensohn, president of the World Bank, yesterday warned industrial countries that they should not demand greater debt relief for the world's poorest nations without being prepared to pay for it.

Several industrial countries – including most of the Group of Seven – have argued that the existing debt relief arrangements for the 41 highly indebted poor countries (HIPCs) are inadequate. They have put forward various proposals to make debt relief deeper, broader and faster.

Mr Wolfensohn denied that the current initiative had failed, although Bank staff concede that most beneficiaries will see only small falls in their debt service payments. Pointing out that the proposals to go further had not been matched with offers of extra money, he urged industrial countries to "pay as you go for your promises".

The financing gap is all the greater because the cost of the existing debt relief scheme, drawn up by the Bank and International Monetary Fund in 1996, is now thought to be significantly higher than earlier estimates.

A recent analysis for the boards of the two institutions calculates that the total cost now stands at $12.5bn in 1998 net present value terms (if it were to have been a one-off payment last year). This is almost 30 per cent more than the previous costing last summer.

This upward revision largely reflects lower commodity prices, which have reduced export earnings for many poor countries, and therefore increased the amount of relief required to reduce their debt-to-export ratios to "sustainable" levels. The net present value of debt is also higher because market interest rates have fallen.

Lower export earnings mean that more countries are now expected to qualify for help. The list of 23 beneficiaries pencilled in last summer has now risen to 29, with the addition of Cameroon, Chad, Republic of Congo, Guinea, Malawi and Sierra Leone. The expected cost of relief for Nicaragua, Zambia and Republic of Congo has also increased, following revisions to their estimated debt stocks.

Among the various creditors that have to finance the initiative, these revisions mean the estimated debt cost of the current scheme has risen from $2bn to $2.4bn for the World Bank, $800m to $1.2bn for the IMF, and from $4.1bn to $5.2bn for the Paris Club of creditor governments.

Increasing the generosity of the scheme would increase the costs substantially. One mooted option would reduce the target for countries' debt-to-export ratios from 200 to 150 per cent and the target for debt-to-government revenue from 280 to 250 per cent. This would increase the total cost of the initiative from $12.5bn to $22.4bn and the bill for the World Bank from $2.4bn to $4.6bn.

"I don't know where we will find that without help from our shareholders," Mr Wolfensohn said. The cost would rise further if the six-year policy track record required of countries were to be reduced, a suggestion that Michel Camdessus, the IMF managing director, is keen to resist.

See Editorial Comment

Young Algerians struggle and smuggle

Unemployed youth has little faith in a new president's ability to revive an economy ravaged by civil strife, reports **Roula Khalaf**

Soufiane is a 31-year-old Algerian who says he has lost hope for a better future. Since finishing a two-year course in accounting and information technology he has been unemployed, like many young Algerians.

From time to time, he dabbles in what Algerians call *trabendo*, buying smuggled clothes from a market near the Moroccan border and reselling them for a higher price in Algiers.

"It's a bit of business to help feed the family," says Soufiane. "We're eight people and I cannot find a permanent job; sure it's smuggling, but I don't have any other choice. At least it gives me something to do."

Idle, unemployed youths on the streets of Algiers are evidence of a general malaise in a country mired in a civil strife that has cost more than 70,000 lives since 1992.

Many young Algerians dream above all of a visa to leave the country, but most embassies have closed their doors. "Of course you can always buy a visa, there's a black market in Algiers, but it can get very expensive," says Soufiane.

The plight of Algeria's youth – 70 per cent of the population is under 30 and official unemployment is near 30 per cent – is one of the biggest challenges facing Abdelaziz Bouteflika, the new president, elected last week in a poll marred by allegations of fraud and the withdrawal of all six of his rivals.

With a legitimacy that is being questioned, Mr Bouteflika, who was backed by the military establishment, will be hard-pressed to convince young Algerians that he has much to offer them. "I don't have anything against him [Mr Bouteflika] but I really don't think anything will change, I don't expect anything from him," says Soufiane. "They all sing the same song about how they will take care of young Algerians and then they do nothing. We are marginalised. No one takes care of us."

Soufiane's friend Mohammed, 25, sees the future as equally bleak. "I even gave up on *trabendo*, the police always stopped me on the way to Algiers, asking questions about whether I paid customs. Anyway it's not a long-term solution," he says. "If you're young and unemployed there is no solution for you. With every election they make us hope a little but every time the result is the same."

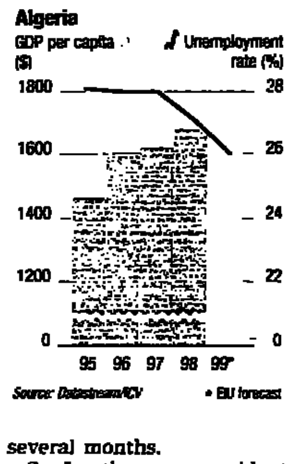
In spite of Algeria's rich oil and gas resources, Mr Bouteflika inherits an economy in a shambles, plagued by state inefficiencies and corruption.

Since 1994 the regime has liberalised the economy and implemented macro-economic reforms to shed the legacies of 30 years of socialist policies.

Foreign oil companies have rushed to sign contracts to develop oil and gas fields in the south, which has been shielded from violence that began when the army annulled the expected election victory in 1992 of the Islamic Salvation Front.

The government blames extremist Islamist groups for the violence. But economic growth has proved elusive, privatisation extremely slow to take off and investment levels disappointing. About 14m Algerians, nearly half the population, are estimated to be living beneath the poverty line.

One of the most notable government successes has been in closing down companies, putting 400,000 people out of work. Job losses have exacerbated the feeling of exclusion and desperation, and more than 60 people were reported earlier this year to have committed suicide. Mr Bouteflika's economic policies will not be known until he forms a new government, which analysts in Algiers say could take several months.



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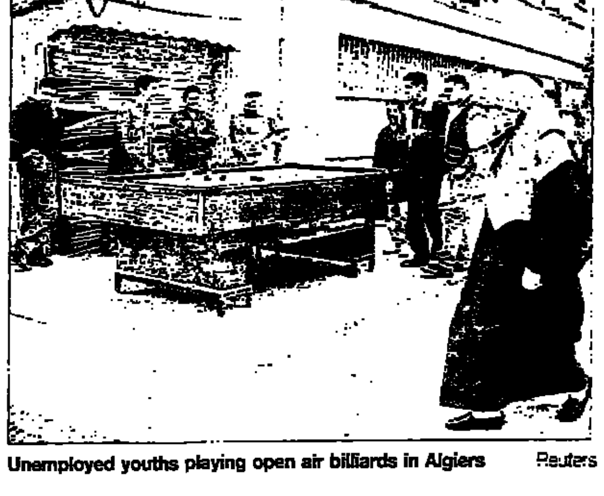
Unemployed youths playing open air billiards in Algiers Reuters

So far the new president has spoken in general terms about the need to accelerate investment, promote non-oil and gas sectors and restructure the industrial and banking sectors.

Having been foreign minister during the 1960s and 1970s, the height of Algeria's love affair with socialism, he makes some observers nervous. "We don't know what he'll do: pump money into state companies, which would be something populist, or continue shutting them down," says an economist.

Most observers, however, expect he will have to continue with the economic policies of his predecessor, Liamine Zeroual. Whether he would have more success than Mr Zeroual, however, depends on his ability to bring an end to the violence gripping the country.

"The best to expect is more of the same, structural reforms moving slowly, at a snail's pace," says a European banker. "Financing the economy and creating growth requires massive foreign investment. But the election gave a very bad signal to the outside world. There is no clear vision of where Algeria will be in the medium term."

Mr Bouteflika has very little room for manoeuvre on the economic front and no money for populist policies. Oil and gas revenues, making up 60 per cent of the budget, dropped to $10.2bn last year, from more than $14bn in 1997; France's Société Générale expects 1999 energy revenue to be $11.6bn.

Finances are constrained by repayments on $30bn debt, which are set to reach $4.5bn this year. The government told ministries this year to cut spending by as much as 40 per cent.

The recent recovery in oil prices, however, buys the regime some time. If prices remain at the $15 per barrel level, economists say the prospects of returning to the International Monetary Fund for another facility and another debt rescheduling can be pushed back for now.

"At this oil price level, there is no need for any radical solution but there is also no answer to the rage of Algeria's youth," says the European banker. "As to the social problems, they have no miracle cure. They require foreign investment, government commitment to reform and political stability."

NEWS DIGEST

NEW FINANCE CHIEF

Tunisian president reshuffles cabinet

Zine al-Abidine Ben Ali, Tunisia's president, reshuffled the cabinet yesterday, replacing two powerful ministers known to be close to the presidency.

Taoufik Baccar, a technocrat who was minister of economic development, was moved to the finance ministry to replace Mohamed Jeri, a close associate of the president. Faiza Kefi took over as environment minister from Mohamed Mehdi Mlika, a relative of Mr Ben Ali. The reshuffle also replaced the minister of state lands.

Analysts said the reshuffle might have been prompted by an attempt to improve the government's image. In particular, the business community had complained about Mr Jeri's tough tactics in trying to wrest more taxes to compensate for a drop in revenues. **Roula Khalaf, London**

EAST JERUSALEM

Move on Palestinian offices

Israel yesterday moved to shut down offices of the Palestinian Authority (PA) self-rule government allegedly operating out of Orient House, the Palestine Liberation Organisation's office in Arab east Jerusalem. Palestinian officials warned the move could spark protests throughout the West Bank and Gaza Strip if carried out.

The decision, Israel said, followed a "series of provocations" by PA officials, including recent meetings between Faisal al-Husseini, the PLO's top official in Jerusalem, with foreign dignitaries at the site. But Palestinian officials say Israel is the *provocateur* since there are no official PA offices operating in Orient House. **Avi Machlis, Jerusalem**

FOREIGN POLICY SHIFT

Jordan, Syria to boost contacts

Jordan and Syria yesterday agreed to revive a joint committee aimed at boosting trade and other contacts after King Abdullah of Jordan and President Hafez al-Assad of Syria ended a two-day summit meeting in Damascus. Jordan's Al Rai daily said it marked "a new chapter in co-operation".

The revival of the committee, suspended five years ago after Jordan signed a peace treaty with Israel, marks a distinct foreign policy shift by both countries since King Abdullah was sworn in last February after the death of his father, King Hussein. President Assad unexpectedly attended the funeral, the first time he had visited Jordan since 1994. **Judy Dempsey, Jerusalem**

ENERGY SUPPLY

Edison in Algerian gas deal

Edison, the independent energy company controlled by the Italian Montedison group, yesterday reached a significant Algerian natural gas supply agreement with In Salah Gas, a joint venture between Algeria's Sonatrach group and BP Amoco. The deal involves the annual supply of 4bn cubic metres of natural gas over 15 years starting in 2003 and is worth about L15,000bn ($8.2bn). **Paul Betts, Milan**

WORLD TRADE

China, US press on with WTO talks

By James Harding in Shanghai

China and the US yesterday sought to recover lost momentum on talks to secure Chinese entry to the World Trade Organisation following the near-miss on an agreement earlier this month.

But the meeting of senior negotiators in Beijing was understood to generate little progress, dominated instead by recriminations over the lost opportunity to close a deal when Zhu Rongji, prime minister, visited Washington.

Mr Zhu sanctioned far-reaching market opening measures in order to get an agreement during his US tour, but President Bill Clinton decided to hold out for further concessions before approving China's 13-year-old bid for WTO membership. Chinese trade officials are said to be highly frustrated by the US decision, particularly after having given the ground they understood was necessary to clinch an agreement.

Beijing has made bolder offers to open its markets than many had expected

"We are trying to put this thing back together, but it is not going to be easy," said one observer commenting on yesterday's talks. "The Chinese are not happy because they thought they had a deal, but they did not."

Rather than making much progress, he said, there were concerns that some of the concessions that had been offered in market sectors still under discussion were no longer on the table. Those market areas, where the US is still looking for progress and that prevented an agreement, include liberalisation of banking, securities, films and the automotive financing businesses as well as protocol issues.

The talks were held yesterday between Long Yongtu, China's top WTO negotiator, and Robert Cassidy, the US assistant trade representative, who was sent to Beijing on Mr Clinton's instructions to get talks restarted.

"We are following the joint statement of President Clinton and Premier Zhu," Mr Cassidy said prior to the meeting, referring to their pledge in Washington to conclude talks on China's 13-year-old bid to join the global trade body before the end of this year. "We hope to have some very productive discussions."

A Chinese foreign ministry spokesman said he was hoping for a successful conclusion to the talks very soon. "China hopes that the two countries can resolve the remaining problems in the negotiations at the earliest date so an agreement can be wrapped up," he said.

European Union, Japanese and Australian negotiators are expected in Beijing in the next couple of weeks to press ahead with their negotiations on Chinese WTO entry.

China has made bolder offers to open its markets than many expected, particularly in areas such as telecommunications, distribution of goods, insurance and agriculture.

But, Mr Clinton is thought to have been wary of closing a deal in the face of strong anti-China sentiment among some members of the US Congress.

This week, Washington and Beijing have renewed the exchange of accusations and denials over reports that China stole military secrets from US nuclear laboratories.

Trade volume 'to grow no faster than 3.5%'

By Frances Williams in Geneva

The World Trade Organisation predicted yesterday that the volume of international trade in goods in 1999 would grow no faster than last year's 3.5 per cent and warned of "unusually high downside risks".

The latest assessment reflects a downward revision from the WTO's estimate last December of a 4-5 per cent increase in merchandise trade in 1998, and compares with an exceptionally high 10.5 per cent in 1997. It is also only about half the 6 per cent expansion averaged in the first half of the 1990s.

For trade growth to reach 3.5 per cent this year there would have to be an acceleration starting now, which could be upset by a slower than expected recovery in Asia or a faster than expected slowdown in the US and Europe, WTO economists said. Their trade predictions are based on output forecasts by the IMF and others of 2 per cent in 1999, similar to last year.

Though a steep fall in imports to the crisis-hit Asian economies was the main reason for last year's decline, all the main regions showed a flagging trade performance in 1998. Export growth fell everywhere while import growth declined for all regions except the European Union.

Despite a jump in exports from Asia of certain products such as steel, exports from Asia rose last year by just 1 per cent overall by volume after growth of 13 per cent in 1997.

Japan's exports fell by 1.5 per cent last year while the six former "dragon" economies (Taiwan, Hong Kong, Malaysia, South Korea, Singapore and Thailand) boosted exports by 2 per cent.

Patrick Low, the WTO's chief economist, said yesterday that the health of the world trading system depended on governments continuing to resist protectionist pressures, even though these were likely to increase this year with slower growth in the west.

In value terms, world trade in goods and services fell last year by 2 per cent to $6,500bn. The drop, the biggest since 1982, was mainly attributable to the strength of the dollar. Exports of commercial services, valued at $1,290bn, also fell by 2 per cent, the first decline since comprehensive data became available in the mid-1980s.

The slump in commodity prices also had a big impact on world trade last year, hitting the Middle East, Africa and Latin America especially hard.

● The US will push for reform of the the WTO's disputes settlement procedure in the next world trade round, a senior official said yesterday, Neil Buckley adds from Brussels.

Susan Esserman, deputy US trade representative, said the disputes procedure should be made more transparent, with disputes panel hearings and litigants' briefs made public, and final reports published swiftly.

The US has been unhappy with the EU's slow response to WTO judgments against it over bananas and hormone-treated beef.

Israel considers arms dealings with China an acceptable risk

Judy Dempsey examines the often clandestine links between the two countries that have existed for more than 20 years

When Ezer Weizman, Israeli president, departs for China this weekend it will be a state visit steeped in symbolism as much as aimed at forging closer trade and political ties.

More than 20 years ago Mr Weizman, then defence minister, held a secret meeting in Tel Aviv with Shaul Eisenberg, the late chairman and owner of the Israel Corporation, a big holding company.

After Mr Weizman was told by Mr Eisenberg that he could open China's door to the defence establishment, the Israeli government gave the businessman the green light to pursue such a mission. China needed military equipment and technology, which few western countries were willing to supply, and the state-owned Israel Aircraft Industry (IAI) and Israel Military Industries (IMI), desperate for orders, were willing to oblige.

What followed from that meeting was a two-pronged, clandestine strategy pursued by Israel until diplomatic relations were established in 1992.

On the trade side, Israel started selling agricultural, chemical, irrigation and medical equipment. By last year exports had risen to $128m, against $71m a year earlier, but the type of exports had changed. "Five years ago the number one export was agricultural products," said Aryeh Lev, director general for Asia at Israel's trade ministry. "Today more than 70 per cent of our exports are high-tech."

Under Mr Eisenberg's mediation China also got access to Israeli weapons-control systems for tanks, tank cannon, communications and optical equipment, and airborne radar systems. By 1984, according to Jane's Defence Weekly, the UK publication, arms sales between China and Israel had reached $3.5bn. But while, two decades after those secret meetings, Israeli government officials speak openly about improving trade, none is prepared to discuss what kind of military hardware Israel sells to China, or how much it is worth.

Estimates submitted to the US State Department by the Israeli defence ministry showed that between 1990 and 1994 military exports to China totalled $31.5m. Such figures, said P. R. Kumaraswamy, research fellow at the Truman Institute at Jerusalem's Hebrew University, "should be treated with caution". Not only was it difficult to separate transfers of high-technology equipment for civilian use from its military adaptability, he said, but excluded from these figures were Israel's upgrading and modernisation of Chinese military equipment.

Moreover, even if such figures are taken seriously, it is difficult to see how they tally with both IAI's and IMI's sales figures for last year. IAI had sales of $2bn and orders of $3bn, while IMI had sales of $550m, with domestic sales accounting for 60 per cent. Neither company would disclose the destination of orders. The Stockholm International Peace Research Institute (Sipri) argues that a sizeable percentage of the sales was probably earned from Israel's involvement in upgrading China's missile system.

During the early 1990s, says Sipri, Israel helped develop and license production in China of a short-range air-to-air missile modelled on Israel's Python-3. "There is no doubt that some of the main parts of the missile are Israeli," said Siemon Wezeman, arms trade analyst at Sipri.

Other systems transferred to China included the Phalcon radar, an aircraft-mounted system. Sipri claims that in 1997 China purchased aircraft from Russia, sent them to Israel to be modified and fitted with the radar system. Israel later returned them to China, giving Beijing an Awacs capability.


Ezer Weizman: under his mediation, China gained access to Israeli weapons-control systems for tanks, tank cannon, communications and optical equipment, and airborne radar systems AP

Last year China signed an agreement with Israel to build Star 1, the Israeli anti-radar missile system.

While other countries are involved in supplying arms to China, military analysts believe Israel's decision to do so carries risks to its relationship with the US and its own security interests.

Since the US provides $2bn of grants and military assistance to Israel every year, it has insisted that Israel seeks approval for exports containing US components. Despite such conditions, Washington suspects that Israel helped the Chinese Chengdu Aircraft Corp to develop an all-purpose combat aircraft, modelled on Israel's Lavi. The Lavi project, whose technology and funding was supplied by the US, was abandoned in the early 1990s. In 1992, after the Gulf war, there were allegations that Israel illegally transferred Patriot anti-missile technology to Beijing.

Israel denied any wrongdoing but admitted it had been exporting some defence items to China.

The other concern about exporting sophisticated technology to China is that, as one Israeli diplomat admitted, it "might fall into the wrong hands", in particular Pakistan and Iran. China has allegedly been transferring equipment to the two countries for their missile programmes.

Diplomats are also concerned that, as China explores arms export markets in the Middle East, any weapons or high-technology systems Israel transfers to China will one day be used to attack it.

"Of course we worry about some equipment ending up in the wrong hands," admitted the diplomat. "But can we ignore defence-related exports that originally opened for us the door to China?"

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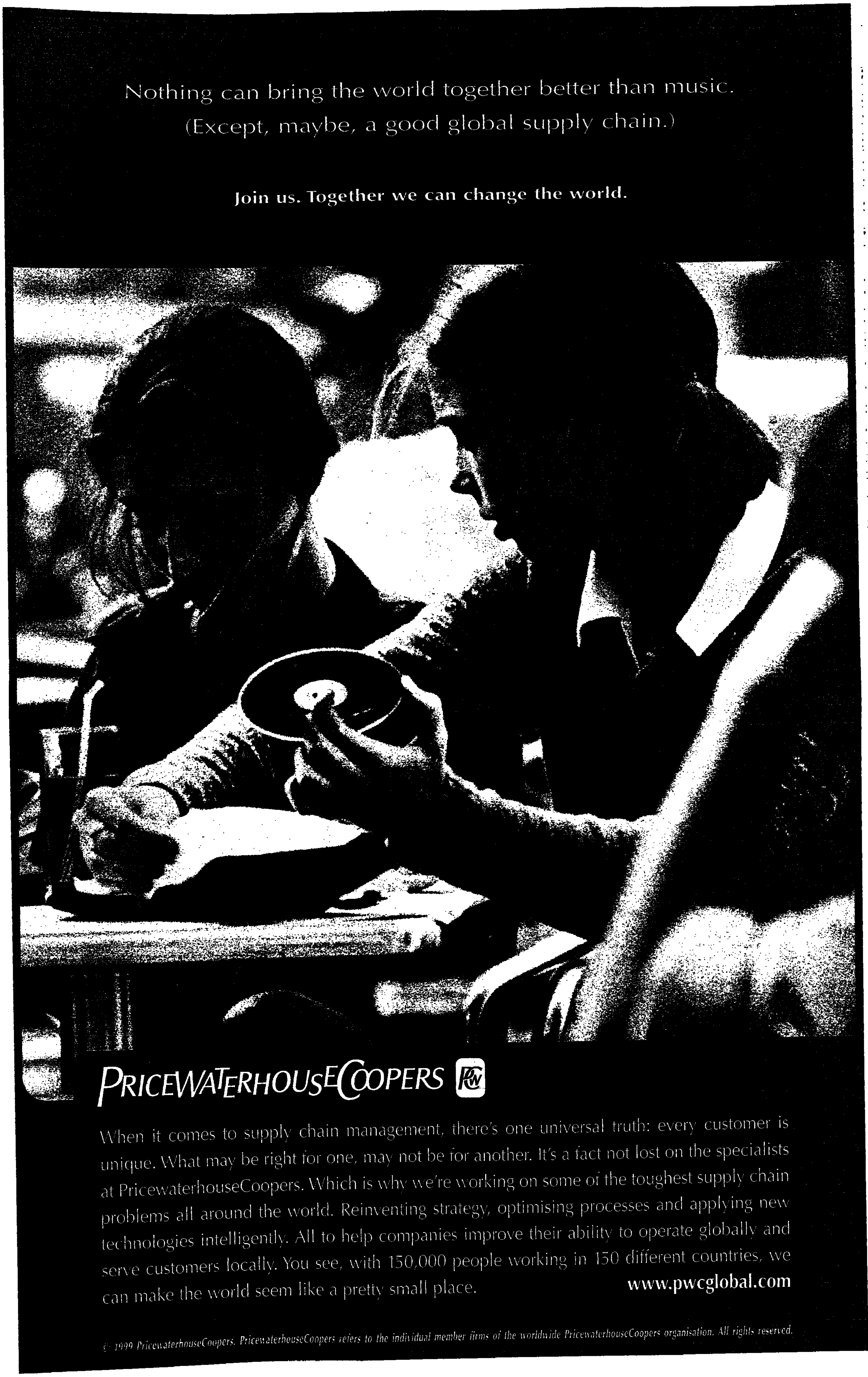


US & CANADA

Countries warned on adopting dollar

By Mark Suzman in Washington

Alan Greenspan, chairman of the US Federal Reserve, and Larry Summers, deputy US Treasury secretary, yesterday warned that any country adopting the US dollar as its currency could not automatically expect enhanced economic benefits or greater US support.

Their remarks come amid a growing debate over the possible impact of foreign countries choosing to "dollarise" their economies. Argentina announced earlier this year that it was considering such a move and several other Latin American countries are thinking about it as a means of stabilising exchange rate regimes.

Testifying to a Senate banking subcommittee, Mr Greenspan cautioned that adopting the dollar was no panacea for economies that did not have a sound policy framework in place. "It is very important to us to be certain that dollarisation is not some means to bypass the types of policies that are required to create stability," he said.

Mr Greenspan also said the Fed would always put US interests first. "We would never put ourselves in a position where we envisage actions we would take would be of assistance to the rest of the world but to the detriment of the US."

In his testimony, Mr Summers acknowledged that unstable exchange rate regimes had contributed to the economic crisis in emerging markets, but said that dollarisation was an "enormously consequential decision" that carried potential costs as well as benefits.

While such a move could improve economic stability and enhance trade and other links between the US and dollarising countries, it could also spur anti-American sentiment because of the loss of domestic monetary sovereignty. He stressed that US financial regulators could not be expected to expand their role in other economies.

"It would not, in our judgment, be appropriate for the US authorities to extend the net of bank supervision, to provide access to the Federal Reserve discount window, or to adjust bank supervisory responsibilities or orientation of US monetary policy in light of another country deciding to adopt the dollar," he said.

Denver tribes make their own rules

Columbine High School children handle their grief, arrange their wake and try to explain their life to an outside world that had left them to their own devices but will soon bring fences and metal detectors to curb their freedom

By Christopher Parkes in Littleton, Colorado

Students hold a prayer chain at a memorial in Littleton after the killing of 15 people at Columbine High School AP

Almost everyone wears a uniform at Columbine High, the latest and probably not the last US school to taste bloody mayhem.

The Jocks, the tough-guy games players who predominate among the boys, sport numbers on their baggy shirts and caps tight on their cropped heads. Worn back-to-front or sideways, the baseball hats alone are enough to badge them as members of the dominant male group.

The Preps, studious boys and girls set on university, are differentiated by sweaters knotted around their waists. The Goths affect black garb and eyeliner in imitation of pop stars. The Drama, aspiring actors, dress for the camera.

Then there is the Trenchcoat Mafia, distinguished by trailing, black, cowboy-style "duster" coats and swastikas scribbled on their clothes and school folders.

Two of them, hitherto considered merely obnoxious and if anything less abrasive than the Jocks, brought at least four guns and 30 pipe bombs unhindered to school on Tuesday, killed 13 people, then shot themselves dead.

Next day, children in their uniforms poured in a constant stream to a roadside grass bank on the school perimeter. Until the early evening, when the work day was over, and the last corpse was removed, there was hardly a parent to be counted among the thousands.

Even now, the tear-stained children were fending for themselves. While most adults looked on and complained of inadequate supervision and lack of respect, the students choreographed and conducted their own impromptu wake and prayers. They handled the media with calm aplomb and patiently filled in the gaps in adult understanding of their world and its rituals.

A cluster of Jocks recalled with tear-filled eyes how they had first thought the disruptions came from seniors carrying out a threatened rough-house prank code-named "Annihilation".

Few had understood when, earlier in the day of the killings, according to eyewitnesses, a message had scrolled across school-network TV screens warning: "Today's the day you wish you weren't here." It was written in German.

But even as the body count revealed that two of the dead were black – there were only 16 African Americans (compared with 1,783 whites) among Columbine's 1,965 students – the youngsters discounted the media's race-hate theories.

Blacks, whites and Latinos alike paid little heed to the Trenchcoats' reputed fascination with "the holocaust, Hitler and a lot of German history". By their reckoning, "they didn't like anybody", and picked fights to draw attention to themselves because they were so few.

A band of a dozen or less, they were, by common consent, the smallest and least-regarded of the tribes which comprise Columbine's microcosm of fractured, self-conscious US society. Adults at the scene, police included, had not heard of the group until the day of the killings.

Like many of Columbine's children, they were left to their own devices, which produced murderous consequences and another deadly warning for the US school system.

Fashion and factionalism – freedoms clearly treasured at Columbine – played a part, as was tacitly acknowledged yesterday when local school authorities banned the wearing of the stigmatised trenchcoats.

By omission, the ruling approved the rest: the heavy chains some wear at their waist, and the swaggering manners of the Jocks. They, after all, are seen by many parents and teachers as the archetypal clean-cut all-American boys.

Who cares that they wear their hats in class, and freely admit to harassing and bullying anyone they deem inferior?

Will their freedoms come under scrutiny when the time comes to rewrite the rules of conduct? Without doubt, many privileges will be lost when, as now seems inevitable, the menacing paraphernalia of inner-city school life comes to this green and pleasant suburb, a 20-minute drive from central Denver.

On the surface, Littleton still represents the clean and orderly ideal of the New West, where people come to start over. There are vast green fields where patches of buckled asphalt serve as yards in city schools. There are no metal detectors at the entrances to its campuses. There are no wire mesh fences locking children in and keeping predators out. The walls are not plastered with city-style posters warning against carrying guns or knives.

Columbine's only defences against itself and outsiders are one fatherly deputy and a handful of security guards.

But all that is about to change. When the metal detectors are installed, Littleton and towns like it will be one step further from the New West paradigm and one step closer to the US norm, which demands ironwork and muscle to police rather than protect its unfathomable young.

Earth Day fowl play for green Americans

By Nancy Dunne in Washington

William Roth, chairman of the US Senate's finance committee, got a head start on yesterday's Earth Day by introducing the Poultry Electric Energy Power Act last week.

US farmers, who now produce 8bn chickens a year, have created a minor environmental disaster.

The level of poultry manure pollution is rising as farmers spread it across their fields, from where it runs off into lakes, rivers and the underground water supply.

Mr Roth, however, says he is still "bullish on poultry". His legislation, backed by 14 other senators from poultry-producing states, would encourage power stations to buy poultry manure from surrounding farmers, burn it for power and market the by-product – a nitrogen-free ash – as "an environmentally friendly fertiliser".

In thousands of ways – out of sincerity or political expediency – Americans yesterday were celebrating the 29th US Earth Day. In Maryland an environmental foundation held a hiking, mountain bike and horse riding event to raise money for local nature trails. In Washington state Tolmie State Park sponsored a litter pick-up.

Both parties muscled in on the party. Vice-President Al Gore used Virginia's Shenandoah National Park as a backdrop for announcing new regulations directing states to clean up the haze in national parks and federal wilderness areas. They have plenty of time to figure out how to do this: state plans are not due until 2003-2008, and the parks have until 2064 to reach the vice-president's goal.

Republican congressmen released a list of 10 environmental initiatives for Congress, announcing they wanted to "dispel the myth that only one party [Democratic] is engaged in shaping environmental policy".

Lobbyists had their day too. Friends of the Earth attacked the US Export-Import bank for financing "a destructive pulp mill" in Indonesia, the Overseas Private Investment Corporation for considering finance for a pipeline through the Amazon basin, and the World Bank for considering backing plans to construct an oil pipeline in Africa.

Little goodwill for merger rule reform plans

By Daniel Bögler in New York

"Fundamentally illogical" is how the head of mergers and acquisitions at one leading US investment bank describes the decision to outlaw pooling of interests accounting – and that was his polite response.

It should be no surprise that Wall Street is spitting over this week's ruling by the Financial Accounting Standards Board (FASB), the top US accounting body. The explosion of M&A activity over the past few years has brought investment bankers untold wealth.

An increasing proportion of the deals on which they advise are big all-share mergers: in 1998, companies issued almost $1,000bn in stock to purchase US firms, according to Securities Data Company. And in the vast majority of these, the buyer used pooling of interests accounting to avoid massive goodwill charges to profits.

Under pooling rules, companies can merge simply by combining their assets and earnings. The alternative method, purchase accounting, which Ed Jenkins, FASB chairman, points out is in use in most of the rest of the world, is much stricter. In every merger one company is identified as the buyer. The sum it pays above the value of its target's tangible net assets – known as goodwill – is recorded on its balance sheet and then gradually written off against profits.

This can penalise a company's earnings growth for several years.

Since US investors and managers pay close, almost fanatical attention to this particular performance measure, bankers worry that once the FASB rule takes effect in late 2000, deals which negatively affect reported earnings will no longer happen – undermining their most lucrative business.

In the short term, ironically, there may even be an increase in mergers as companies rush to do deals while the old rules remain in place. But Rick Escherich, head of the analysis policy group at J.P. Morgan, warns that following an elimination of pooling, M&A activity will slow down in those industries where pooling is typically used.

"The greatest impact", he says, "is likely to be on industries followed primarily on a price/earnings basis and where stock deals are common, such as financial institutions and technology."

Those fears may be overdone, suggests David Kaplan, a partner at PWC and co-director of its accounting consulting services division. "If a business transaction makes sense, it will still get done," he says. "But companies may have to work harder to convince investors of the logic of their deal."

At the very least, though, there will be a hiatus in activity, says one head of M&A, as companies wait for investors to take the new rules on board: "The real question for us is, how long will it take for the market to adjust – days, weeks or months?"

For the brave, however, this threat could turn out to be an opportunity. Mr Escherich argues that with most managements paralysed by the uncertainty of the rule changes, those companies willing to move first may have a window in which to pounce on a target, with only a minimal risk of their deal being disrupted by a third party.

LATIN AMERICA & CARIBBEAN

Jamaica cleans up after lethal street violence

By Canute James in Kingston

Heavily armed police and soldiers patrolled sections of Kingston and other Jamaican towns yesterday as municipal workers cleared debris which had been used to block roads during three days of violent protests against new taxes on petrol.

Eight people were killed in the protests, which were accompanied by looting and arson. Many of the roadblocks were not being replaced by the protesters, although several areas remained tense, the police said yesterday. There were no demonstrations in the streets.

The troubled areas were returning to normal as offices, stores and schools were reopened. Buses reappeared on the streets yesterday morning, and airlines which had cancelled flights to and from the island this week said they would resume their schedules.

The political opposition has responded lukewarmly to an announcement by Percival Patterson, the prime minister, that he had set up a committee to examine the extent to which the controversial tax that raised petrol prices by 30 per cent could be reduced and the required revenue raised from other sources.

Edward Seaga, leader of the Labour party, played down the usefulness of the committee and said his party would continue demonstrating until the tax was removed. Mr Patterson said that while there could be a reduction of the tax, it would not be removed.

New taxes were imposed on petroleum products, motor vehicle permits, cigarette and alcohol to finance a J$24.3bn (US$648m) deficit in this year's budget.

The protests, which led to gun battles between the security forces and armed gangs, will further damage the island's economy, which has been contracting for the past three years. Hoteliers say there have been many cancellations from tour operators in North America and the UK because of the violence.

"The country will have to find millions of dollars to repair the damage caused by the protests and the violence this week," said a senior government official. "The roads and bridges will have to be fixed, while businessmen are faced with the costs of the widespread arson and looting and the destruction of property."

The committee established by Mr Patterson is headed by Peter Moses, chief executive of CitiBank Jamaica, and president of the Private Sector Organisation, an umbrella for the business community.

He is to present his report by Sunday for it to be considered by the cabinet on Monday. The changes will be announced by Mr Patterson on Tuesday.

Chávez close to achieving ambitions

By Raymond Colitt in Caracas

Hugo Chávez, Venezuelan president, appears to have cleared away many of the obstacles preventing him fulfilling election promises of far-reaching reform of the country's political system.

After weeks of bitter confrontation Congress was expected last night to pass a bill giving the former paratroop commander and coup leader special powers to help reduce a gaping budget deficit, slash a bloated and inefficient state, and diversify the oil-dependent economy.

On Sunday voters are expected to approve Mr Chávez's plans to convene a constituent assembly that is to redraw the country's political map by drafting a new constitution.

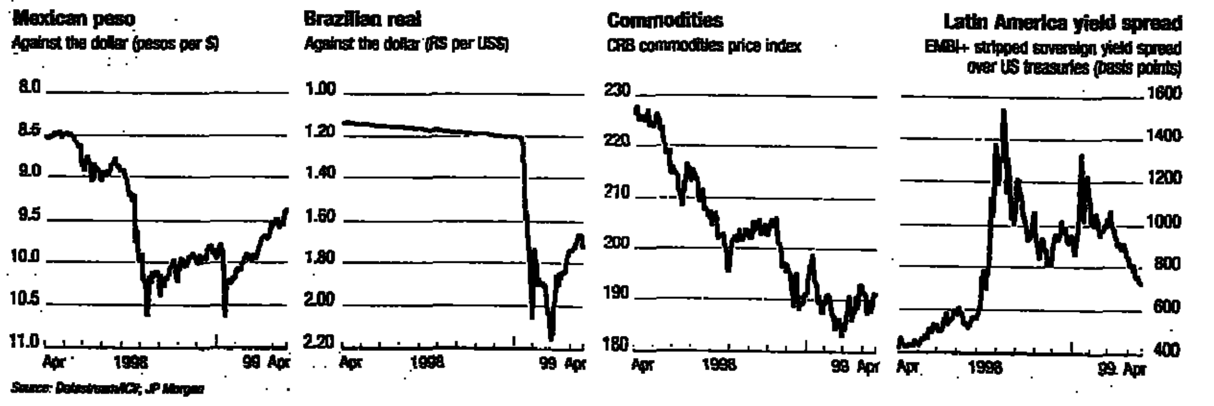
In addition, the prospects for Venezuela's economic recovery have improved considerably, though in part because of a recovery in the price of oil.

Legislators say they have granted Mr Chávez most of the special powers he sought, including the right to raise new debt, shut down costly and inefficient state offices, and reallocate parts of the budget. His government can define the terms on a new financial transaction tax and sales tax reform. In all, the legislation is expected to raise some $1.5bn-$2bn in revenue.

Mr Chávez will also be able to issue decrees to legislate for the opening to private sector participation of the power, mining, and gas sectors. In addition, he has obtained assurances that Congress will consider framework legislation for the all-important oil sector.

Latin America's fortunes change as borrowers return

Turnround has been so quick that some economists are worrying about negative effects, reports **Richard Lapper**



Source: Datastream/ICV; JP Morgan

Famine is not quite turning to feast in Latin America, but as a string of borrowers returns to the capital markets, external constraints on economic prospects are easing.

Barely four months after its currency crisis, Brazil is this week putting the final touches to a bond issue for at least $1bn, bringing the total raised by Latin American governments and companies this year to more than $15bn.

Rises in the price of oil and some other commodity prices are also reducing pressures, reviving confidence and helping sustain sharp rallies in stock and bond markets.

The rise in Latin American bond prices – average yields are some 10 percentage points lower than they were last September and 8 percentage points lower than at the height of the Brazil's crisis in mid-January – has created ideal conditions for new bond issues.

Argentina and Mexico have already raised more than $7bn. This week alone has seen further issues by Argentina and from Brazilian banks.

A $500m bond sold by Chile – which enjoys investment grade status from rating agencies and can therefore be bought by risk-averse investors such as pension funds – earlier this week could have been sold six times over, according to one fund manager.

All this is in sharp contrast to the gloomy outlook earlier in the year, when it was feared that Latin America might be cut off from the markets for at least the rest of the year.

Economists are busily revising forecasts drawn up only a few weeks ago. The Institute of International Finance, the Washington-based banking group, now expects net private capital inflows (gross flows less repayments of debt) to amount to more than $65bn, compared to the figure of $52bn that it forecast at the beginning of last month.

Foreign direct investment flows – by far the biggest ingredient of capital flows into the region in recent years – are still expected to amount to more than $45bn, but the IIF now expects net proceeds from bank lending and from bond issues to amount to about $17bn, more than double the figure released in March.

All this should considerably ease the external constraints faced by Latin American economies. Imports should fall less sharply than had been feared, allowing economies to grow more quickly than would otherwise have been possible.

Although the Brazilian economy will still contract this year its recession is now likely to be shallower and shorter.

"Obviously, it takes pressure off," says Fred Jaspersen, chief Latin American economist at the IIF. "It means that growth can be that much stronger and that the current account deficit adjustment may be less than what people had been expecting."

Latin America is benefiting from another trend as well. The fall in commodity prices to their lowest levels for more than a decade has led to a sharp adverse shift in the terms of trade. During 1997 and 1998 the prices of Latin America's exports relative to those of its imports dropped by 9 per cent and 2.9 per cent respectively, contributing to the build-up of external pressures.

The last few weeks have seen the first signals that the commodity price cycle may be beginning to turn in Latin America's favour. After falling steadily for the last few years, the CRB index – the general commodities index – has climbed by 4.5 per cent since the end of February.

Venezuela, Ecuador, Colombia and Mexico will all benefit from the rise in the oil price, up by more than 50 per cent since the beginning of the year.

The price of copper, on which Chile and to a lesser extent Peru rely for a significant percentage of exports, has risen by 11 per cent since mid-March.

Indeed the shift in the region's fortunes has been so sudden that some economists are beginning to be concerned about possible negative effects.

Currency appreciation, for example, could become a problem because it will reduce the competitiveness of exports.

Chile's peso has gained ground strongly, raising the prospect that the government may reintroduce controls on short-term capital that were effectively dismantled last September.

Mexico – which is closely integrated to the still buoyant US economy – has also seen its peso climb higher in recent weeks.

"I'm a bit concerned about the very rapid strengthening in the currency," says Neil Dougall, Latin American economist with Dresdner Kleinwort Benson in London. "They have to make sure the recovery phase is carefully monitored and that will require a lot of skilful management."

Easy access to fresh capital could bring other dangers. Much of the recent improvement in sentiment has been dependent on the improvement in Brazil's economic management and in particular on the successful implementation to date of an IMF-agreed fiscal adjustment package.

Brazil still needs to reform its tax, pensions and social security system if the adjustment is to be a long-lasting one.

Without external pressures, Congress may be less willing to approve the far-reaching reforms proposed by President Fernando Henrique Cardoso.

"Complacency is the worst enemy," says Mr Dougall. "It will be unfortunate if people do take things for granted. It could lead to the wrong decisions being taken."

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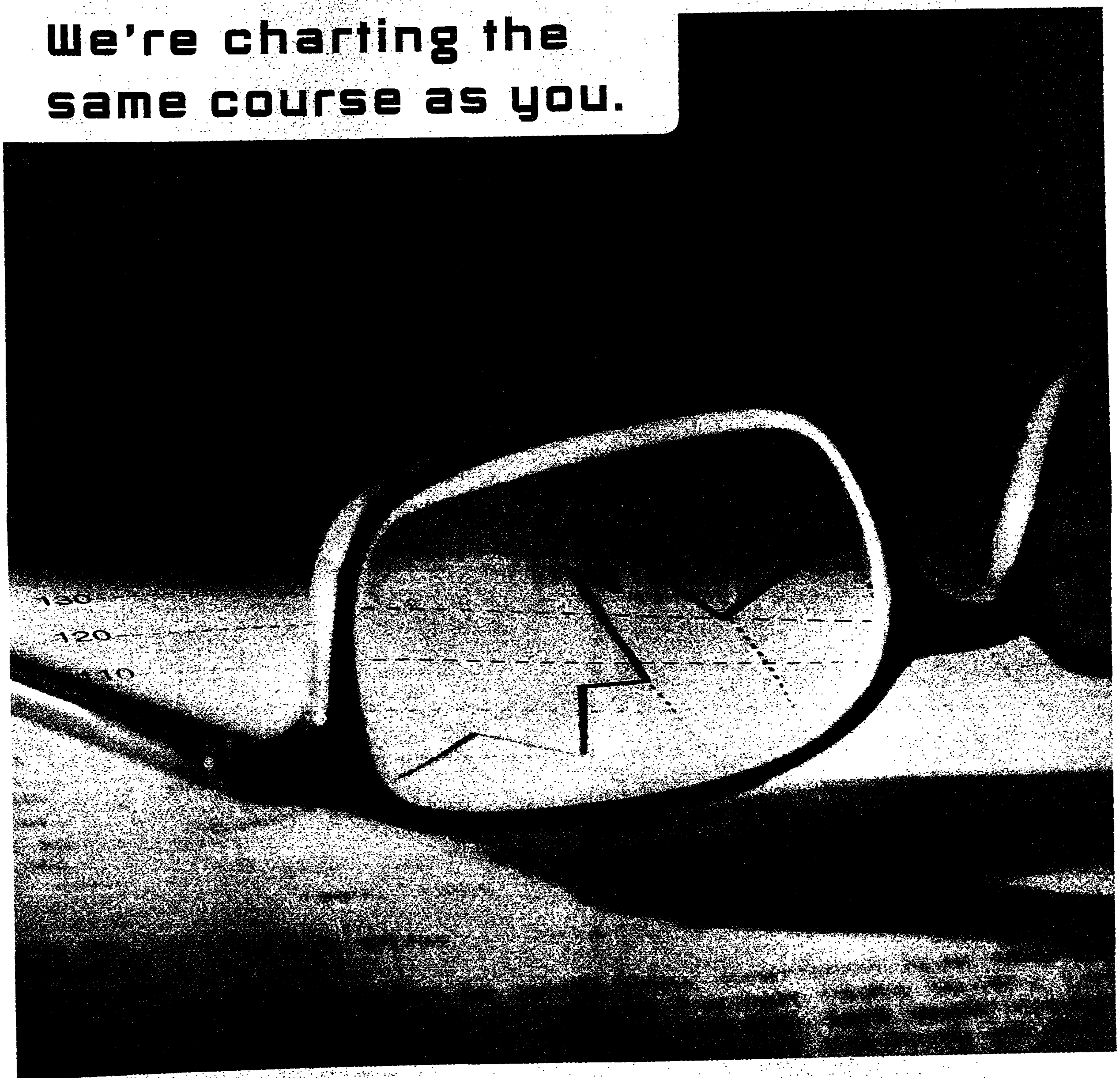

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JAPANESE FINANCE MEETING WITH SECURITIES DEALERS' ASSOCIATION OVER SECRETIVE BOND DEALS AT ARTIFICIAL PRICES

Banks aim to clarify bond trade policy

By Gillian Tett and Naoko Nakamae in Tokyo

Western bankers will today meet Japan's Securities Dealers' Association (JSDA), the industry body, to seek clarification of the government's attitude towards secretive bond trades at artificial prices.

There is continued confusion about the government's policy towards these controversial deals, which have been used by Japanese financial institutions such as public banks to conceal losses they incurred last year on bond portfolios.

In recent days the JSDA has quietly performed a policy reversal and effectively banned all bond trades performed at non-market prices, known as price adjustment deals. The JSDA lifted all controls on the trades in December, triggering a flurry of price adjustment deals ahead of the 1998 financial year-end on March 31.

The government insists the new policy is designed to bring the country into line with global standards and counters criticism that it is tolerating accounting distortions.

However, many market participants are unclear about how the new rules will be implemented, since it is uncertain how a "market price" will be measured for illiquid stocks. A trader at a large Japanese bank said: "We don't understand the new guidelines. Although it's apparent that the JSDA has banned price adjustment deals, it's not clear what sort of band we're meant to be trading in, even for 'normal deals'."

Consequently, western and Japanese banks fear that the new policy could leave them open to recrimination, since the government is now selectively clamping down on practices which help Japanese companies conceal their balance sheet losses, even if they were partly legal.

One western banker said: "This is yet another case of grey laws. It shows the shortcomings of the regulatory system."

In recent weeks the JSDA has been conducting a survey of its western and Japanese members to ascertain how many price adjustment deals occurred between December and April. Although most banks refuse to talk about the issue in public, traders estimate the deals have run into "trillions of yen" in recent months.

The institutions which have performed price adjustment deals include Japanese brokers such as Nomura Securities, which was conducting around Y500bn ($4.18bn) a month before the policy reversal was implemented on April 1.

Some western banks have also made large profits in the early months of this year conducting such trades.

'The worst is over' says Mahathir

By Sheila McNulty in Kuala Lumpur

Mahathir Mohamad, Malaysia's prime minister, announced yesterday that the recession had bottomed out and confidently predicted that last year's 6.7 per cent contraction would give way to 1 per cent growth this year and 5 per cent growth in the year 2000.

"I think the worst is over," Mr Mahathir said. He pointed to recent gains in the stock market, manageable inflation, and a reduction in bounced cheques as encouraging signs. "That's why I say we have bottomed out already and now I think we are recovering."

The comments came during Mr Mahathir's first public appearance since a 10-day hospitalisation for a lung infection. He was presenting a revision of Malaysia's 1996-2000 five-year economic plan in parliament.

Mr Mahathir also said Malaysia would launch a global bond to raise M$8bn (US$2.1bn) – not because it needed the money but to prove its creditworthiness. "It is important to show what is our rating, not based on rating agencies, but the willingness of foreign funds to subscribe to our bonds."

The move confirmed that the government had greater confidence in its economic prospects. Malaysia was forced to call off such an issue last year after being downgraded by international credit rating agencies, forcing it to pay a premium to raise funds.

This week, Moody's, the US credit rating agency, changed the outlook for Malaysia's long-term foreign currency country ceilings for bonds and notes and for foreign currency bank deposits to stable from negative. It noted the government had shown some flexibility in its capital controls, specifically by replacing a 12-month prohibition on capital repatriation with an exit tax. The appreciation of exchange rates in the region had meant that, despite its fixed exchange rate, Malaysia had not lost competitiveness, it said.

Although concerns about access to external financing remain, Moody's said Malaysia had been able to obtain funding from the Japanese government, foreign banks and domestic government-linked organisations. This had led to a substantial decline in short-term debt and an increase in international reserves, it said.

With little prospect for economic growth led by the private sector, the government said yesterday it had increased development expenditure for the five years to M$89.5bn from M$67.5bn to stimulate the economy. Additional public spending would be financed by foreign loans, boosting foreign borrowing to M$2.36bn in 2000 from M$1.82bn in 1998. In view of its own needs, Malaysia said it was withdrawing an offer to lend US$1bn to Indonesia.

Malaysia still maintains its goal of trying to attain an average annual growth rate of 7 per cent to obtain developed nation status by 2020.

China details Gitic assets

By Rahul Jacob and Louise Lucas in Hong Kong

Foreign banks with loans to the bankrupt Chinese investment company, Guangdong International Trust & Investment Corporation (Gitic), learned yesterday that Gitic had recoverable assets of only Rmb 6.5bn ($785m) against creditors' claims of Rmb 38.8bn.

On bankers' rough calculations, this means creditors would on average get back only 16 cents on the dollar on loans to the company.

In January, the Guangdong government said that Gitic's liabilities totalled Rmb 36.17bn against assets of Rmb 21.47bn, giving a rough repayment rate of 60 cents on the dollar. But yesterday's meeting revealed recoverable assets were just a quarter of this.

"The conclusion was not very positive. There was no mention of restructuring. This is a straight liquidation," said one western banker. Ahead of yesterday's meeting some bankers still held out hopes of a last-minute restructuring, which would save Gitic from bankruptcy.

Foreign bankers, who have complained about the lack of transparency in the process, received some consolation when it was announced that a creditors' committee would be set up to oversee the disposal of the failed company's assets.

The move was seen as an effort by Chinese authorities to follow international practices in bankruptcy proceedings.

"To have foreign creditors say 'We don't trust you' is a slap in the face, but the authorities are taking note of what creditors are saying. It shows they are willing to listen," said a foreign banker.

Earlier this week, as part of a broader effort directed at setting its financial house in order, China announced that it was setting up an asset management company as a pilot scheme to deal with non-performing loans at one of its large state-owned banks. The company is similar to the Resolution Trust Corporation set up by the US to deal with its own savings and loans crisis in the 1980s.

Analysts said this was a sign that the government was moving ahead with measures aimed at running its banks on a more commercial basis.

"Gitic has had a positive impact because it has forced the authorities to deal with the issues," said one analyst.

Indian budget passed but no end to crisis

By Mark Nicholson in New Delhi

Indian politicians yesterday temporarily set aside bitter wrangling over inconclusive attempts to form a new government and unanimously approved the ousted Bharatiya Janata party government's budget.

The budget, initially presented in February by Yashwant Sinha, the BJP's finance minister, was passed without amendment following an agreement between BJP and Congress leaders earlier this week not to allow India's latest political imbroglio to spawn a financial crisis.

Passage of the finance bill, which was held up on Wednesday amid an uproar in the lower house of parliament, now enables government spending plans to proceed and prevents any lapse in tax changes, which automatically took effect at the start of the current Indian fiscal year on April 1.

Mr Sinha's budget, which was broadly welcomed by Indian industry and fuelled a strong initial rally on the Bombay market, includes surcharges on direct and indirect taxes and fiscal and other incentives for the capital markets, housing and agriculture.

It also proposed cutting India's fiscal deficit to 4 per cent of gross domestic product, based on the tax increases, an ambitious Rs100bn ($2.3bn) disinvestment target and mooted cuts in government.

However, there remained no sign of a resolution to

Sonia Gandhi has yet to win enough support to form a government

India's six-day-old political crisis, with a clutch of small regional parties still holding out against offering unconditional support for the Congress party, which was asked to try to form a new government on Wednesday by K.R. Narayanan, the president.

Sonia Gandhi, Congress president, has insisted that her party would form a minority administration, calling on the "outside" support of a raft of smaller regional, caste-based and communist parties. She told the president she would furnish proof of parliamentary support by today.

Congress, which has only 142 members, needs the support of at least 130 parliamentarians from smaller parties to win a majority in a confidence vote to install an alternative regime.

But Congress still apparently lacked the numbers yesterday, with the 20-member Samajwadi party in particular continuing to withhold vital support.

Mrs Gandhi was understood to have told leaders of the group that the choice was between backing Congress or fresh general elections, which would be India's third in three years.

Election commission officials have said it would take at least two to three months to prepare for a poll of the world's biggest electorate.

Yashwant Sinha: BJP finance minister sees his budget through at last — Reuters

Government collapse breaks off Washington's engagement

The BJP's fall has stalled a US bid to rebuild links with New Delhi after its nuclear test, say Mark Nicholson and Stephen Fidler

The collapse last week in India of a government coalition led by the Hindu nationalist Bharatiya Janata party has left US policy in south Asia in confusion.

Since the BJP shocked Washington with nuclear weapons tests last May – setting back an attempt to improve relations with India that would have led to a visit by Bill Clinton, US president, last year – the US has made a painstaking effort to rebuild a dialogue.

"We were on our way to what we thought was a significant deepening of our engagement with India," said a US embassy official in New Delhi. "Much of the engagement since has been spent recovering the ground which was lost with the tests."

These efforts, US officials said, had met with some success. In seven rounds of discussions since May, led on the US side by Strobe Talbott, deputy secretary of

Strobe Talbott: made progress in talks with New Delhi

state, Washington believed it had established a firmer relationship with New Delhi.

The fall of the BJP means the loss of important interlocutors in Atal Bihari Vajpayee, the prime minister, and Jaswant Singh, the foreign minister.

A period of serious uncertainty in Indian politics is likely to ensue as efforts to form a minority government are made. Even if a government is formed, a general election is likely this year to produce a government of yet another stripe.

The Congress party, now trying to form a minority government, has traditionally been cool towards Washington.

Even if Congress were disposed to an improving dialogue with Washington its efforts to cobble and keep a coalition together would bind its hands, US officials say.

Thus a meeting convened on Monday at the State Department by Madeleine Albright, secretary of state, decided to wait for political developments in India to play out before the dialogue was resumed in earnest.

One loss would be the effort Mr Singh had made to define India's post-nuclear test strategy more closely, US officials said. The fall of the BJP would probably lead to the postponement of an Indian strategic defence review that the BJP had proposed.

This left just an "intuitive" nuclear policy, an official said. The US remained concerned, in the absence of a clear strategy, about the risks of "miscalculation", he said.

"We don't believe anyone is being irresponsible, or can't be trusted, but we have a sense there is an irresolution of these issues. The real question is who is vested with the responsibility for what."

One fruit of the Talbott-Singh dialogue, due to resume for an eighth round in mid-year, had been that the US had "come to appreciate that China is a more serious consideration in India's security thinking than Pakistan," the official said.

US officials say there had been no explicit deal under which remaining US sanctions against India, imposed after the nuclear tests, would be eased in return for India's signature of the Comprehensive Test Ban Treaty, the international agreement banning nuclear tests.

But senior Indian officials had indicated to the US they would soon start the "heavy lifting" to win domestic political consensus to sign the CTBT. That prospect now looks more remote. Officials recognise that support in the Congress party even for the conditional undertaking made by Mr Vajpayee at the United Nations General Assembly last autumn "not to stand in the way of signing the CTBT" is thin.

Some US officials are concerned about the knock-on implications if India fails to sign the CTBT, fearing it would further complicate the prospects for US

The Congress party has traditionally been cool towards Washington

ratification of the treaty.

A spokesman for the Senate foreign affairs committee said the Senate would not examine the CTBT – where it would face a rocky passage – until the Clinton administration sends up two other treaties for ratification.

He said the administration had delayed sending for ratification the amended Anti-Ballistic Missile treaty and the Kyoto protocol on greenhouse gas emissions because it feared it would fail to get them ratified.

Former police chief charged in Malaysia

By Sheila McNulty

Abdul Rahim Noor, Malaysia's former police chief, was charged yesterday with wilfully attempting to cause grievous injury to Anwar Ibrahim, the deputy prime minister, who emerged from detention with a black eye and bruises.

Mr Abdul Rahim, who resigned months after the alleged beating took place, pleaded innocent. He faces up to 3½ years in jail.

The courtroom was shocked by his plea given that Mr Abdul Rahim was widely reported to have said that on the night of his arrest Mr Anwar had provoked him into action by calling him "father of the dogs". That admission came to a royal commission established after the failure of a police investigation to identify Mr Anwar's assailant.

The commission concluded Mr Abdul Rahim had not been provoked and recommended he be indicted for attempting to cause grievous hurt to Mr Anwar. Mr Abdul Rahim's lawyers argued that the charge was unfair as the injuries inflicted by their client could not be considered grievous. It appears they are planning to argue for less serious charges against their client by making the case that Mr Abdul Rahim alone had not caused the injuries sustained by Mr Anwar in police custody.

The beating of Mr Anwar outraged many Malaysians and became a rallying point for the fragmented opposition that hopes to unite to end the 18-year administration of Mahathir Mohamad, the prime minister, in the general election that must be held within a year.

The charges follow Mr Anwar's conviction last week on four counts of abuse of power to conceal alleged sexual misdeeds for which he was sentenced to six years in prison.

The sentencing, which did not take into account the seven months Mr Anwar had already served in jail, struck many Malaysians as too harsh and brought thousands of protesters into the streets demanding justice. Six other charges are pending against Mr Anwar. Mr Anwar is to return to the High Court next week, where a judge will ask prosecutors if they intend to pursue one of the five sodomy charges against him.

Mr Anwar, who also faces a further charge of abuse of power, insists the charges are part of a conspiracy to stop him from challenging Mr Mahathir. He denies having provoked Mr Abdul Rahim, who was permitted to leave his own court hearing yesterday without bail.

Growth in deficit hits Philippines

By Tony Tassell in Manila

A higher than expected rise in the Philippines' budget deficit this year has delayed completion of a review of the country by the International Monetary Fund.

The budget deficit rose sharply to 33.5bn pesos ($877m) in the first quarter, nearly half of the government's target ceiling of 68.4bn pesos for the whole of the year and well above the 22.4bn pesos target for the first three months.

The rise was caused largely by a shortfall in revenues, with tax collections from the Bureau of Internal Revenue dropping to 75.9bn pesos, compared with a target of 89bn pesos.

While most of an IMF mission completed its review of a $1.4bn standby facility for the Philippines on Monday, a smaller team will be returning to the country soon to discuss measures to boost revenues and reduce the budget deficit.

Despite the latest rise, a joint statement by the government and the IMF said the country was still committed to the overall consolidated fiscal deficit target for 1998 of 3.2 per cent of gross national product.

"Although budget revenues have fallen somewhat short of programme targets in recent months, the government is confident that the annual deficit target will be met as it steps up tax-collection efforts and reviews other available options for savings," the statement said.

The board of the IMF is expected to meet in June to consider the release of a further $220m tranche under the $1.4bn standby facility.

Portugal restarts talks on E Timor

By Laura Silber in New York

Indonesia and Portugal yesterday reopened talks under United Nations auspices aimed at putting the East Timor peace process back on track after weeks of violence in the disputed territory.

Ali Alatas, Indonesian foreign minister, and Jaime Gama, his Portuguese counterpart, began two days of talks on Jakarta's offer of autonomy.

They are expected to announce today details of an autonomy package to be put to a vote by the East Timorese in July.

Indonesia, afraid of setting a precedent, has watered down the package, but Portugal has not voiced opposition because the Timorese are likely to reject the offer of autonomy in favour of independence.

Kofi Annan, UN secretary-general, yesterday met the two foreign ministers. Also discussed were the details of the referendum.

It is expected to involve the deployment of up to 500 unarmed UN monitors but not a peacekeeping force to the eastern half of the island. A UN team in recent weeks visited Jakarta and Dili to draw up plans for a possible force.

Alexander Downer, Australian foreign minister, said yesterday in Tokyo he hoped a UN presence would be in the area soon, although sources in New York said such a presence would not be likely until much later.

Lending urgency to the debate, however, gun-wielding pro-Jakarta militias yesterday ignored a ceasefire agreed with independence campaigners this week, threatening residents.

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BRITAIN

Compromise proposed on global accounting

By Jim Kelly in London

The Accounting Standards Board will today propose a compromise aimed at bridging the gap between US and international regulators over the future shape of a body to set global financial reporting rules.

The ASB hopes its proposals will meet US fears that global standards could be subject to political horse-trading and might rely on votes from delegates who have a poor grasp of complex market-orientated financial reporting.

The Financial Accounting Standards Board of the US has already rejected one blueprint for the body - which it is hoped would set a single reporting code for multinational companies wanting to list on the world's stock markets.

The proposals were put forward by the International Accounting Standards Committee and are seen as a vital component of efforts to win backing this year from IOSCO - the club of world stock market regulators.

The US rejection prompted fears that two rival sets of standards could emerge on world markets. The FASB has speculated that a new, rival, world accounting standards board, could be formed on US lines.

The ASB's 17-page response praises the IASC for attempting to reinvent itself with the new strategy. But the paper adds: "In two major respects we believe it will fall short."

The IASC proposes that standards would be set by a new body - with a maximum of 11 seats - which will be dominated by leading standard-setters like the US. But the IASC's much larger board could still veto standards.

The US wants the standard-setting body to be independent. The IASC, and many European members, want the board to have a role in the process to satisfy the professional bodies that support it in more than 130 countries.

"We believe that the IASC board should be more of an advisory body with powers of delay not rejection," said the ASB. It proposes that membership of the standard-setting body could rise to 16 - although this could be lowered later.

The ASB added that it wanted to continue to have the ability to set standards for UK companies that were not necessarily in step with IASC.

The European Commission's preferred policy is to insist on the IASC code for the EU.

The UK has jealously guarded various opt-outs from the IASC code and several standards it believes are tougher.

It would oppose any strategy which assumed the IASC's code would be automatically imposed on domestic companies.

Potential bidders eye car breakdown groups' members

Two roadside help groups are looking to move away from mutuality, providing ready-made customer bases. **Charles Batchelor** reports

The car is not the luxury it was when motoring organisations like the Automobile Association and the Royal Automobile Club, which offer roadside assistance to motorists, were established at the turn of the century. But car owners still represent the more affluent section of society.

"Market research indicates that members of breakdown organisations tend to be in the higher socio-economic groups," said the Monopolies & Mergers Commission, reporting into the bid by Cendant, the US marketing group, for the RAC.

Plans to split the RAC's motoring services arm from its members' clubs were made known in April. It was joined this week by the bigger AA, which is also considering a move away from mutuality.

It is the access to the relatively well-heeled provided through their membership lists that makes these organisations attractive for many of the commercial bidders.

The AA's 9.2m members and the 5.5m at the RAC represent a big market, particularly if they are approached through a brand they trust.

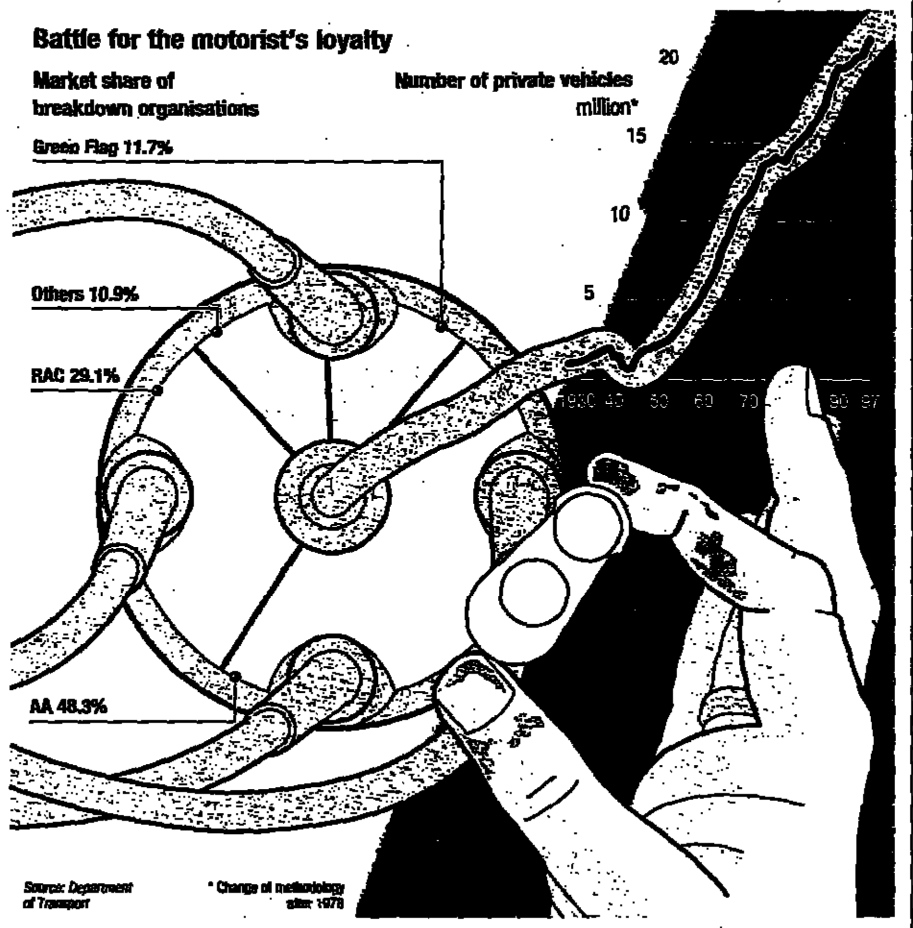
Cendant, whose £450m ($724m) bid for the RAC was effectively barred by the UK competition authorities, had high hopes of cross-marketing - its own term is alliance marketing - a wide range of services to RAC members.

Some, including its Avis car rental and PHH fleet management arms, had an obvious motoring connection. Others - such as its hotel, estate agency and holiday timeshare businesses - may have also appealed to RAC members.

Cendant has withdrawn but cross-marketing is clearly an attraction for bidders such as Centrica, the gas distribution arm of the former British Gas state monopoly, and Lex Service, the vehicle leasing and distribution company.

But achieving results may not prove so easy.

"Developing cross-selling is one of the greatest challenges of modern marketing," says Mark Pavan, head of PR3 Mapa, a marketing strategy consultancy. "The profit opportunities often blind people to the practical difficulties. It revolves round IT issues and managing the database, putting people into meaningful groups."



For potential bidders such as Ford, suggested as a possible suitor for the AA and RAC, there is a different rationale. It wants to develop the company as a consumer services business, tapping all sectors of the after-sales market including servicing and insurance.

It is attracted to the higher rates of return possible in businesses such as Kwik-Fit, the replacement parts group acquired this month.

But there are sceptics who say the AA is a very different business. "Acquiring the AA means you buy the roadside rescue network which is a lot of operational infrastructure," said one analyst. "By comparison Kwik-Fit is like a standard dealer network even if it doesn't sell whole cars."

The third group of bidders to show an interest in the RAC are the financial groups such as PPM Ventures, part of the Prudential financial group; BC Partners and Nomura. Their plan would be to extract more value by backing managers with a more commercial approach and then selling on.

The AA has adopted a more focused approach, selling its shops to concentrate on improving the quality of service to motorists. The group pre-tax surplus doubled to £40.4m in 1997, the most recent period available. The RAC increased pre-tax profits by 45 per cent to £24.7m in 1998.

ENERGY TRADE OPPORTUNITIES SOUGHT

'Cleaner' coal industry aims at $48bn exports

By Vanessa Houlder in London

Ministers yesterday announced a coal-research programme in a bid to help industry win overseas contracts worth about £30bn ($48bn) over the next 10 years.

The £12m project aims to develop "cleaner-coal" technologies that would improve the environmental acceptability of coal-fired power generation.

John Battle, energy minister, said the government wanted to help industry develop the technology in an effort to protect the environment and respond to market opportunities for power plant and component suppliers.

Cleaner-coal technologies reduce emissions of particulates, sulphur dioxide and the nitrogen oxides that cause acid rain. They also improve the efficiency with which coal is converted to electricity, reducing carbon dioxide emissions, a gas responsible for global warming.

Coal is a "dirtier" fuel than oil or gas but its use is forecast to grow significantly over the next 20 years.

Conventional coal-fired units are increasingly being sold by domestic suppliers within developing countries, such as China or India. UK companies will be able to compete only if they can supply more efficient or environmentally superior components.

The programme aims to develop plants with thermal efficiencies of more than 50 per cent.

Carbon emissions range from 230g per kWh for conventional coal-fired plant to less than 200g for the best available plants with efficiencies of 45 per cent. Levels are set to fall by as much again with the more advanced cleaner-coal technologies.

None of the cleaner coal technologies is likely to be able to compete on environmental grounds with the most energy-efficient forms of gas-powered generation, according to the trade department. But the project will identify how far the UK's coal reserves can be used as a future source of energy using innovative techniques.

The government expects its £12m investment over the next three years to stimulate private-sector research spending, bringing the total to more than £60m. It will use the programme to encourage collaboration between universities and companies such as Rolls-Royce and PowerGen.

Retail sales data reveal 'significant increase'

By Richard Adams, Economics Staff

Shoppers borrowed and spent strongly in March, figures revealed.

The data suggest recent cuts in interest rates by the Bank of England, the UK central bank, have boosted confidence and helped engineer a "soft landing" for the economy - a slowdown without a recession.

The Office for National Statistics said retail sales had shown a "significant increase", even adjusting for the timing of the Easter holidays.

The volume of retail sales increased by 1.9 per cent in March, compared with a year earlier. The surge means the volume of sales has grown 1 per cent so far this year, and 1.6 per cent above a year earlier.

"It is quite clear to us, based on our latest data, that the underlying rate of growth has picked up," the ONS said.

The value of sales in cash was 4.1 per cent higher than in March 1998, with an average weekly value of £3.6bn ($5.7bn).

Some of the extra spending came from increased borrowing on credit cards. Data from the Credit Card Research Group showed card purchases increased by an annual rate of 15 per cent last month.

Clothing, travel and hotel spending all saw significant increases during the month.

Banks also reported growth in lending for mortgages and personal loans. Strong demand for car loans was linked to the introduction of new licence registration plates in March.

Figures from the Bank of England suggested a rush by individuals to open tax-exempt savings plans, which ended at the start of this month. The M4 money supply figures revealed that personal deposits fell £1.65bn during March.

CATALONIA, A SOUTHERN COUNTRY

Look at it any way you like, you will only see advantages: its quality of life; its climate, culture, art and history; because it has the Mediterranean and also the Pyrenees; because it has sun and charm and above all, because it has traditions, some of which are even exported round the world, such as the World Book Day on 23 April. Catalonia is without doubt a southern country or is it a northern one? *www.catalonia.com* • *info@cidem.gencat.es*

Generalitat de Catalunya
Government of Catalonia

CATALONIA, A NORTHERN COUNTRY

Look at it any way you like, you will only see advantages: its strategic position for access to European markets and as a commercial platform to the rest of the world; its high productivity levels and entrepreneurial spirit; its highly qualified workforce; foreign investment of over $ 4.6 billion a year; more than 2,600 multinational companies; for all of these reasons and more, Catalonia is without doubt a northern country or is it a southern one?

Generalitat de Catalunya
Government of Catalonia

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ELECTION SNP FORCED TO RELAUNCH CAMPAIGN AS POLLS SUGGEST LABOUR PARTY MAY WIN OUTRIGHT VICTORY

Scots nationalist vote faces collapse

By Andrew Parker and James Buxton in Edinburgh

The Scottish National party was forced to relaunch its faltering campaign for the first Scottish parliament yesterday, amid evidence that the nationalist vote was collapsing.

An opinion poll for the first time suggested Labour might secure a working majority, despite the proportional voting system and the party's recent troubles in Scotland.

With the campaign at half way, Gordon Brown, chancellor of the exchequer, said: "People are increasingly seeing the costs of a separate state and the dangers and risky policies of the SNP."

Labour intends to maintain its negative campaign against the SNP in the run-up to polling day on May 6. Mr Brown, who is effectively running Labour's campaign, said the party would continue to highlight the risk of higher taxes and fewer jobs in an independent Scotland.

One survey found that the personal standing of Alex Salmond, SNP leader, has plummeted since his condemnation of the Nato air strikes on Yugoslavia.

A poll for the Herald newspaper published yesterday suggested Labour had opened up a 20-point lead over the SNP. It predicted Labour would secure 63 of the 129 seats in the Edinburgh parliament, with the SNP taking just 34.

A separate poll for the Daily Record suggested Labour would gain 65 seats, with the SNP picking up 41.

This suggests a remarkable turnaround for Labour, which has been dogged in Scotland by allegations of "sleaze".

Since the May 1997 UK national election, two Scottish Labour MPs have been suspended and two Labour-controlled local authorities have been investigated for mismanagement. Last year the SNP overtook Labour in the polls and the parties were neck and neck until recently.

Mr Salmond, seeking to explain the SNP's beleaguered position, said the prominence of the Kosovo crisis in the media meant the party had been unable to get across its message. The SNP will try to regain the offensive this weekend with a mail shot to 250,000 homes highlighting the government's decision to raise the price of petrol and diesel. On Monday, Sean Connery, the actor, will address a rally.

Mr Salmond believes he can also make up ground during three television debates with Donald Dewar, chief minister for Scotland in the UK government. Promising to inject razzmatazz into the campaign, Mr Salmond said: "We are going to be here, there and everywhere, barnstorming Scotland in the way we do best."

However, Mr Salmond's decision to fight on a devolution rather than an independence manifesto has enraged the fundamentalist wing of the SNP. One candidate said: "If you are going to get attacked for being a separatist, then for God's sake start arguing the case for independence."

Opposition party may hold future of the left in its hands

Collaboration with Tony Blair will be a key issue in the Liberal Democrats' leadership election. **Deborah Hargreaves** reports

Politicians used to joke that all the MPs from the pro-European Liberal Democrat party could fit into a couple of London taxis. Their success at the 1997 national election means a bus would be needed now.

The left-of-centre opposition party, though small in numbers, has influence beyond its ranks: it could provide the catalyst for redrawing the UK political map.

Tony Blair, the Labour prime minister, wants to secure closer links with the party as a way of ensuring the left dominates British politics in the coming century.

The split in the vote between Labour and the former Liberal party over the past 100 years allowed the Conservatives to remain in power for much of that time.

But Mr Blair's plan faces opposition from some of his own members and some Liberal Democrats. So the outcome of the Lib Dems' leadership election on August 11 will be a key factor in deciding whether the left unites.

It emerged in a book this week that Mr Blair held secret talks with Paddy Ashdown, the current leader, just before the 1997 general election, offering to form a coalition. They even spoke on polling day, before the size of Labour's election victory became clear.

The Lib-Dems are involved in a government committee, chaired by Mr Blair, which was set up to look at electoral reform. Its remit has been broadened to cover ideas for a common European foreign and security policy and it could be extended to other issues.

The Liberal Democrats could provide the catalyst for redrawing the UK political map

But the Lib-Dems must decide whether they want to continue to pursue closer ties with Labour – possibly entering government for the first time – or to redefine themselves as a party of protest.

The Lib-Dems secured 17 per cent of the vote in the last election, giving them 46 of the 659 MPs in the House of Commons. This was their best showing since the former Liberal party was the main opposition party under Lloyd George in the 1920s.

The Lib-Dems were formed by a merger in 1988 of the Liberals and the Social Democrats. The SDP itself was formed by disaffected Labour members in 1981 who were worried about Labour's strong shift to the left.

The Lib Dems have become more radical in their policies than Mr Blair's "new Labour" party. Today the Lib-Dems are strong advocates of more public spending on health and education, pledging to raise taxes to improve schools. The party pushes for better civil liberties and more environmental measures.

A central policy is their desire for a voting system based on proportional representation, which they have made a condition of any closer links with Labour.

Britain's "first-past-the-post" election system – in which the candidate with the most votes in an electoral district wins its parliamentary seat even if his total is not an absolute majority – means the Lib-Dems do not enjoy the sort of electoral success achieved by other third parties in Europe, where proportional representation ensures a stronger showing for minority groups.

Mr Blair has backed changes to the voting system that would introduce an element of proportional representation – the alternative plus system. This would include a proportional mechanism to be used to elect up to 20 per cent of MPs from cities according to their party's share of the vote.

This change is not radical enough for most Liberal Democrats, but goes too far for many in Mr Blair's party. Labour pledged in its election manifesto to hold a referendum on electoral change but a vote could be put off until after the next election.

The party traditionally does very well at a local level and will fight elections for the Scottish parliament, Welsh assembly and local elections on May 6.

Mr Ashdown does not step down until June 6 but campaigning for his successor has already begun. Three leading contenders would take very different views of the so-called "project" to link with Labour.

Likely candidates for the leadership election

Menzies Campbell, the party's foreign affairs spokesman, and the most likely to continue the project of building closer links with Labour. A senior lawyer, his high profile during the Kosovo crisis is expected to attract support.

Charles Kennedy, agriculture spokesman and the best-known potential candidate. He is the frontrunner to win the contest. He takes a cautious view of the relationship with Labour, believing it has gone far enough for now.

Simon Hughes, health spokesman, could stand as an opponent of a closer relationship with Labour. A flamboyant London MP, Mr Hughes is an outspoken politician who rallies the radical wing of the party.

NEWS DIGEST

JUDICIARY

Independent body to appoint top judges ruled out

The government has ruled out the creation of an independent, publicly accountable committee to appoint the country's most senior judges, despite pressure from its own MPs and predictions the judiciary will be increasingly involved in politically sensitive decisions. The system for appointing Law Lords has attracted criticism following the fiasco over the Augusto Pinochet extradition case. The House of Lords, the highest court, had to set aside a landmark ruling because Lord Hoffman had not disclosed his links to Amnesty International. But Lord Irvine, the Lord Chancellor, said: "If [the] proposition is that before senior judges are appointed they should be publicly examined, whether by a parliamentary committee or otherwise, as to their political views and as to their attitudes, then I certainly would be opposed to that."

Lord Irvine, who appoints the Law Lords after taking secret soundings among judges and top lawyers, said the US system of public hearings to grill prospective senior judges was "one part of the American legal system that we emphatically do not admire, because what people in this country want is not political judges but impartial judges". **Jean Eaglesham, London**

PRIVATISED RAIL GROUPS

Adtranz wins $16m train order

Chiltern Railways, the rail franchise acquired by the John Laing construction group last month, is to order a further five two-car trains from Adtranz, part of DaimlerChrysler Rail Systems. The £10m ($16m) order is aimed at meeting growing passenger numbers between Birmingham and London. Chiltern has already introduced five three-car trains. On delivery, it will have spent a total of £29m to increase the capacity of its fleet by 40 per cent since rail privatisation three years ago. The new trains are to be introduced by September 2000.

They will be leased to Chiltern by one of the rolling-stock leasing companies. **Charles Batchelor, London**

SUPERMARKETS

Speculation on Wal-Mart move

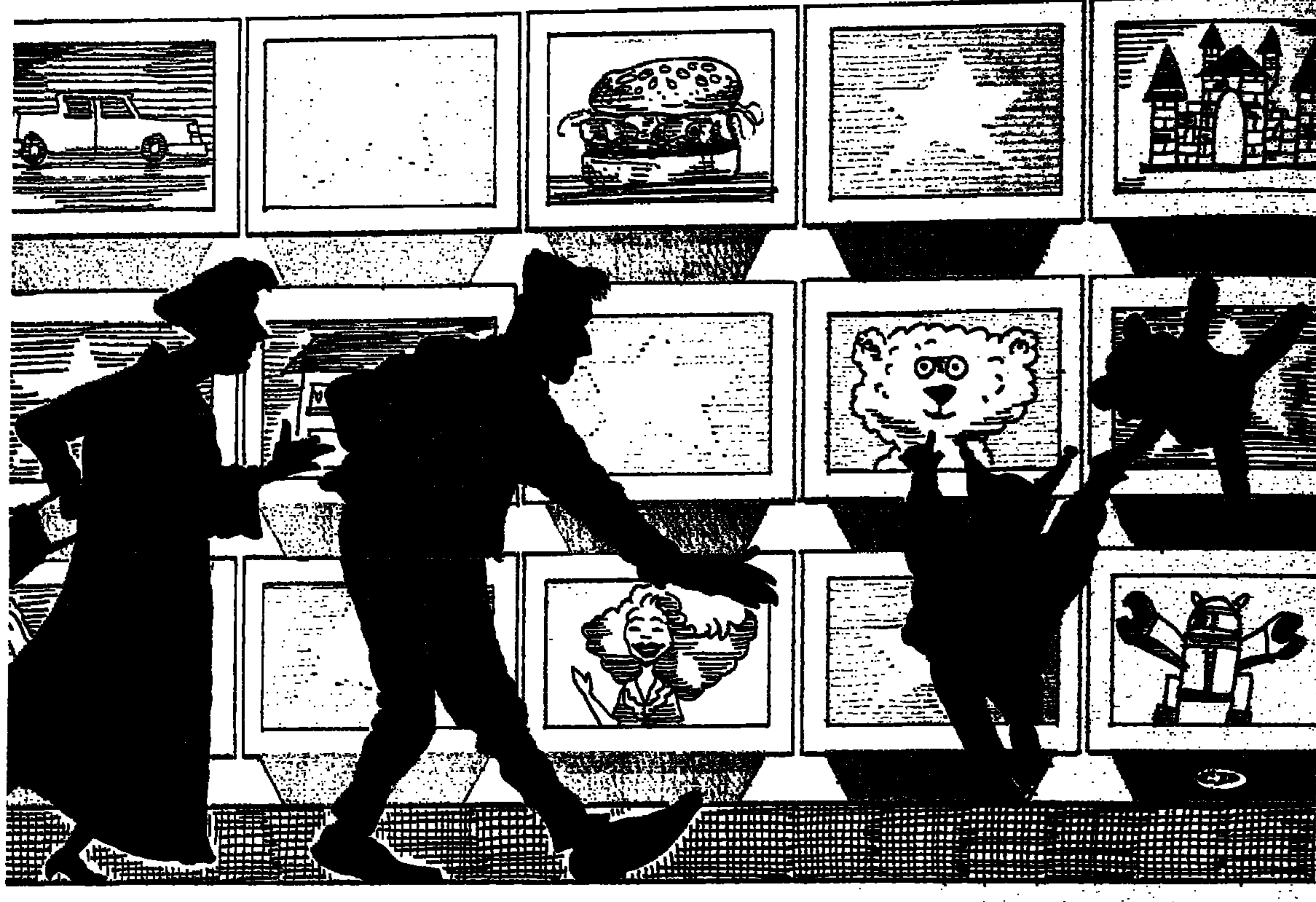
The prime minister's office yesterday fuelled speculation that the government was encouraging WalMart to enter the UK market after it confirmed Tony Blair, the prime minister, had held a meeting with the US retailer's head of international operations. Officials said the prime minister met Bob Martin at the company's request two months ago. They had a general discussion about the economy and government policy but there was "no concrete business" on the agenda. But it is understood that they did talk about the importance of stimulating competition. There has been speculation that WalMart has been considering a move into the UK through the acquisition of one of the leading supermarket chains.

The most likely target was thought to be Asda, though close followers of WalMart think it is unlikely to move to break up an agreed bid from Kingfisher. Ministers have privately expressed interest in the possibility that Wal-Mart might enter the UK market, which they believe suffers from lack of price competition. **David Wighton, London**

MARKETING CHILDREN

Selling to a captivated market

Lucrative television advertising to young children, already banned in Sweden, may face further curbs in Europe, writes **Richard Tomkins**



Children have never had it so good. In industrialised countries, their spending power is soaring – one US estimate puts the annual income of children up to 12 at $27.5bn. And beneath the sound of jingling coins, you can almost hear advertisers plotting to separate these young consumers from their increased disposable income.

But, in Europe, a stumbling block is looming on the horizon. Amid concerns in several countries about the ethics of advertising to children, Sweden – which already prohibits television advertising aimed at children under 12 – is expected to use its presidency of the European Union in 2001 to press for an extension of the ban to the EU's 15 member states.

Advertising to children – especially on television, the most influential medium – is a contentious topic. Children are often regarded as the advertiser's dream: naive, impressionable consumers who can easily be manipulated into spending their money.

Significantly, children also wield a heavy influence on their parents' spending and advertisers stand accused of encouraging them to apply techniques variously known as pester-power or psycho-terrorism to bludgeon their mothers and fathers into satisfying their advertising-driven desires.

Even so, disliking advertising to children is one thing: curbing freedom of speech, albeit commercial speech, is another.

Attitudes vary from one country to another. Norway has followed Sweden in banning all television advertising aimed at children under 12. In Belgium, this kind of advertising is banned in the Flemish region from five minutes before to five minutes after children's programmes. Greece bans toy advertising on television, although more to protect Greek toymakers than Greek children.

But in the US and UK, advertisers are guided more by codes of practice and self-regulation than by legislation.

This reflects the fact that acceptance of television advertising to children is greatest in the countries where it has been around longest. Commercial television has existed for decades in the US and the UK whereas terrestrial commercial television has operated in Sweden only since 1992.

But even in the US and UK there are concerns about the quantity of advertising aimed at children – not least, because it is growing at an extraordinary rate.

According to James McNeal, professor of marketing at Texas A&M University, spending on advertising targeted at children has been growing at 15 to 20 per cent a year for the past six or seven years for a simple reason: children's spending power has been growing at a similar rate.

Children are regarded as the advertiser's dream: naive consumers who can be manipulated into spending their money

Prof McNeal says this is not just because parents have been giving their children more pocket money, or even because they have been buying more for their children, although both are true. It is also because parents are giving children a much bigger say in decisions about what car the family should drive, where the family should go on vacation, how the family house should be furnished and what food the family should eat.

Prof McNeal has coined the word "filiarchy" – as in patriarchy or matriarchy – to describe children's growing power within the family. He says it is caused by a gloomy belief among parents that society will let their children down and a desire to prepare them for this by giving them as good a start as they can.

"We have a great deal of research showing that in the past 10 years parents have truly lost faith in the basic institutions of government, education and religion," Prof McNeal says. "Although the economic future in the short-term looks very good, in the long-term, parents just worry that their children are not going to have a good life."

Boosted by the guilt factor, the annual income of children aged up to 12 in the US has now reached about $27.5bn, Prof McNeal estimates, of which about $4bn is saved and the rest spent. But Prof McNeal says children directly influence far higher levels of spending by their parents. He puts the figure at around $188bn in the US and $1,870bn worldwide, including the sums spent by parents on their children and a notional figure reflecting the degree to which children influence spending decisions.

As advertisers increasingly target these influential young consumers, there are conflicting views about the effects. The available research suggests that most children can understand the difference between television programmes and commercials by the time they are eight. But that does not mean the advertisements do not work.

Prof McNeal's research indicates young children tend to trust advertising messages much more than adults, starting to build up doubts and defences only at the age of 11 or 12.

"I would say that the advertising targeted at elementary school children on programmes just for them works very effectively in the sense of implanting brand names in their minds and creating desires for the products," he says.

Should this be a cause for concern? Advertisers say marketing is part of life in a consumer society and learning about it is part of the process of growing up, just as children learn about shopping and how to handle money.

As for pester-power, advertisers say this is just an emotive way of describing something that exists quite separately from advertising.

"It is a powerful phrase if it refers to the 1,000-year-old problem that kids always ask parents for things they can't have," says Lionel Stanbrook, deputy director general of the Advertising Association, a UK industry body. "But I don't think the 50-year-old invention of television has made a lot of difference."

Martin Phelps, a business director in Ogilvy & Mather's London office, says: "Those who have kids recognise that the whole of life with a child, from the moment they start to communicate, is a negotiation. Advertising plays a part in that negotiation, just as whether or not they have to go to bed does, or whether they can go out and play in the garden."

Sweden's opposing view is that it is unethical to aim advertising at children, because they lack experience and maturity. "It is considered that it is not a fair way of dealing with very small consumers because they are being exploited," says Axel Edling, Sweden's consumer ombudsman and head of the government's consumer agency.

Surprisingly, Sweden's advertising agencies seem to have few difficulties with their country's ban on advertising to children. "It doesn't do anything but codify existing procedures and, therefore, it has had very little effect," says Bjorn Larsson, president of Lowe Brindfors, a big Swedish agency.

Perhaps Sweden is more protective of children than other countries. Alternatively, it may be because the ban is less rigid than is often portrayed.

Advertisements for children's products are still allowed on television, it turns out, as long as they are not obviously directed at children.

And even that ban does not apply to satellite broadcasts beamed in from Britain, which are subject only to the UK's more permissive rules.

هكذا من الاصل

Beast of Burden becomes a monster

Lynn Macritchie on why an installation artist's latest project failed to get off the ground

A sunny Sunday afternoon, and at the heart of the Tate Gallery, a curious silence reigns. For, even as a constant stream of visitors makes its orderly way to the Jackson Pollock exhibition, the vast marble spaces of the Duveen Galleries lie empty. It wasn't meant to be like this.

Springtime visitors were supposed to have been delighted by the sight of tiny model airplanes soaring high into the galleries' central Sackler Octagon space, launched from the conveyor belt of the "Two Minute Airplane Factory" an installation by the American artist Chris Burden. But the conveyor belt, all spanking new shiny steel nuts and bolts and coils of red and blue wire, stands motionless and the little planes are going nowhere.

In fact, they are nowhere to be seen, except for a single prototype, looking gallant and chipper and very lonely in a glass case. "A software problem," a gallery assistant explains. It was a problem with the glueing mechanism before that, and before that one poor chap was assigned to sifting out a whole box full of very delicate metal wires that had all been tangled up.

Chris Burden is famed for stretching art institutions to their limits, and, with its official opening held in March rather than February and its date of full operation so far nowhere in sight, it seems that his airplane factory is running – or rather, not running – true to form.

From the very beginning of his career, pushing at boundaries, including his own physical and mental limits, has been central to Burden's art. For his graduation piece from the University of California, Irvine, in 1971, he had himself shut up in a metal locker for five days. Soon afterwards, for a piece laconically entitled "Shoot", he had a friend do just that, shooting him in the left arm with a 22 copper jacket long rifle bullet. He has crawled naked on his belly through broken glass, pushed live electric wires into his chest and had himself crucified (hands only) on the bonnet of a Volkswagen.

Often seen by very few witnesses and known only through a few, often very beautiful, photographs, these works made him a legendary figure on the California scene and established his international reputation as a dangerous, powerful presence in the art world.

By the mid 1970s, unwilling to pander to an ever-growing audience keen for ever-more sensational stunts, Burden cut down on his live work and began to experiment with work which brought together his fascination with science and engineering (he had trained initially as an architect) and his continuing exploration of the nature of power structures – museums, the military, the police.

> **Compared with digging away at its foundations, Burden was letting the Tate Gallery off lightly**

One of the first of these was "B-Car", (1975), in which he designed and constructed a one-person automobile capable of travelling at 100mph and at 100 miles per gallon. The vehicle was successfully completed and exhibited in Amsterdam, but Burden could not obtain a licence to drive it from there to Paris for his next show. Eventually, special permission was obtained to allow him to drive it on the streets of Paris for one hour only. In 1985, he made "Samson," in which he attached a 100-ton jack to a turnstile at the entrance to the Henry Art Gallery, Seattle. As visitors entered the gallery, the movement of the turnstile pushed two huge timbers against its load-bearing walls: a sufficient number of visitors would have brought the museum tumbling down around their ears. Between 1986 and 1988, in "Exposing the Foundations of the Museum", Burden excavated part of the foundations of the Temporary Contemporary building of the Museum of Contemporary Art in Los Angeles, permitting viewers literally to come "down to earth" and view the support structure of a building otherwise designed to showcase aesthetic experience.

What is this all about? What was Burden doing subjecting himself to those ordeals, or endangering the very fabric of the institutions which allowed him to make his work? His interest lies in testing and demonstrating the nature of power, whether that of an individual or a great institution, and the way that power is manipulated and constrained by authority. Burden is concerned that, in our increasingly technological society, people are becoming more removed from any understanding of the things which control them, from something as ubiquitous as television to the superstructures of politics and the military.

So, in 1977, in a piece called "CB TV", he remade John Logie Baird's first successful experiment with television, allowing visitors to see for themselves how images are "shifted" electronically through space. And in huge set pieces such as "All the Submarines of the United States of America", 1987, he showed what 625 submarines actually look like (albeit in miniature).

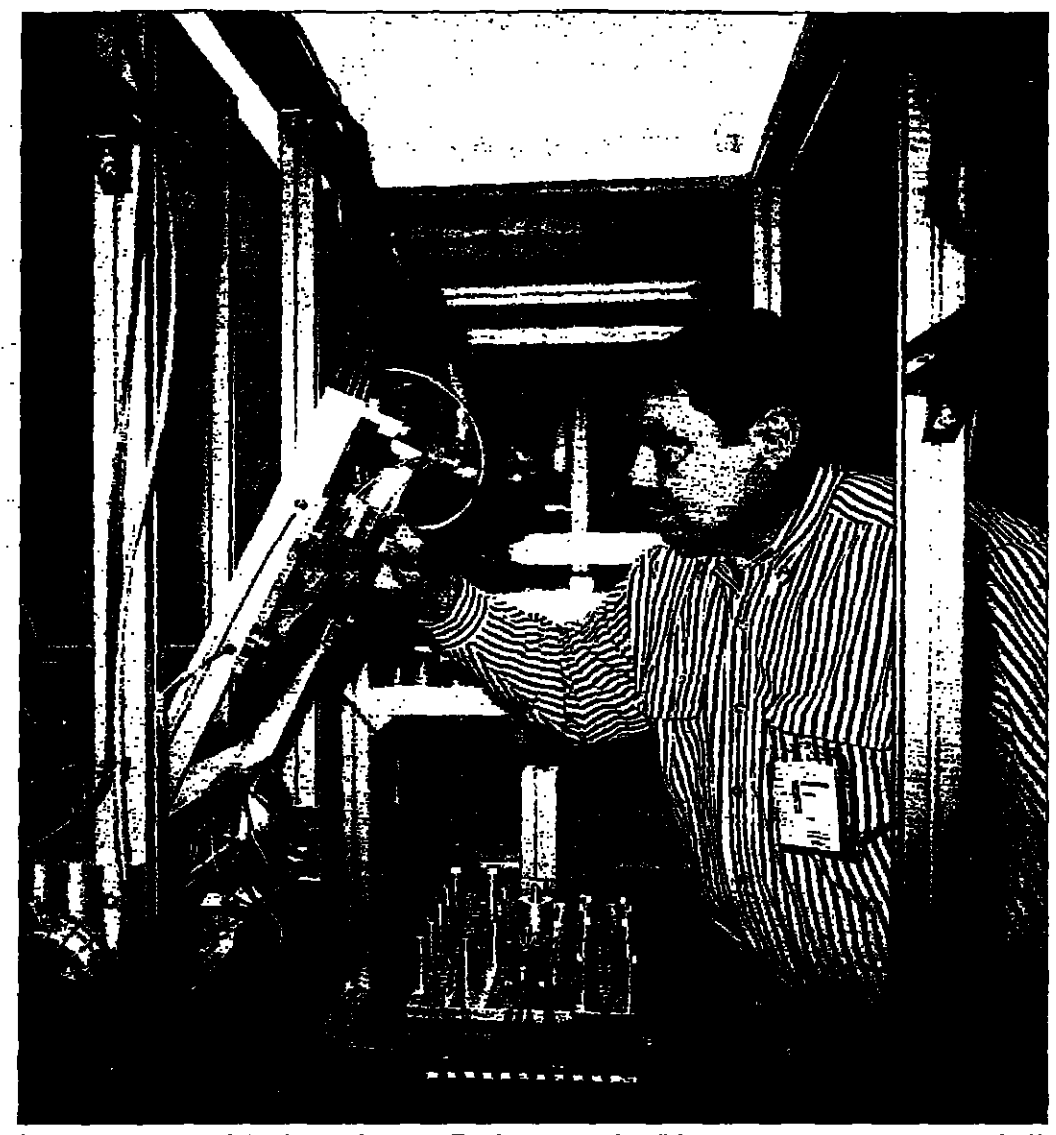
Burden makes real things which are normally presented as abstract concepts. In insisting on testing things, on seeing for himself, he makes us look, too, and in looking, begin to understand.

So what of the "Two Minute Airplane Factory"? Discussing it with him in January, I said that, compared with digging away at its foundations or jacking out its walls, he was letting the Tate Gallery off lightly. He was not so sure. "I'm asking this institution to turn itself into a factory, a real, working place where things are mass-produced," he said. There were to be two airplanes a minute flying off the production line, a potential 22,000 produced during the show, bought by visitors, flown from the gallery steps as they left. It was a tantalising vision. So what went wrong? By agreeing to do the project from long distance – teaching and other commitments mean Burden has had to direct the work from Los Angeles with only brief visits to London – and in trying to meet a specific deadline rather than letting the work take the time it needs, he has lost that crucial element of control. "And the worst thing is, that, even if it does eventually work, the body of knowledge will be in his hands," Burden said on his last visit, gesturing to the chief engineer, "not mine."

Slipped from its creator's control, the "Two Minute Airplane Factory" has become a monster.

Now, with no planes to watch, junior visitors slide over the empty marble floors, the central space turned into their temporary playground, their parents sitting on the floor to rest – on the floor, at the Tate – unheard of! As Burden predicted, trying to turn an art gallery into a factory may have been his most subversive project yet.

'When Robots Rule: The Two Minute Airplane Factory'. Installation by Chris Burden, until June 13. Duveen Galleries, Tate Gallery, Millbank, London SW1. Sponsored by American Airlines.



Silence isn't golden: Chris Burden's project at the Tate has not yet taken flight — Andrew Dunkley

MUSIC

Young singers fit the bill

Given its audiences' appetite for song recitals, the Wigmore Hall cannot afford to be slow in encouraging new talent. The German baritone Dietrich Henschel has attracted widespread notice as a promising young recitalist and he fits the bill at the Wigmore perfectly.

Henschel arrives with a voice of the right size, the properly serious demeanour expected for German Lieder, and the right Christian name for an heir to the other Dietrich, namely Fischer-Dieskau. As Henschel has recently recorded Schubert's *Die schöne Müllerin* in EMI's admirable Debut series, it was inevitable he would want to perform that live; and in any case the Wigmore Hall is predictable in asking young recitalists to cut their teeth on a Schubert song cycle.

Henschel, however, is no beginner. His performance of the cycle was of consistently high quality as a piece of Lieder singing and, from time to time, offered something special. The withdrawn intimacy of Der Neugierige, sung like a hushed cello solo, was the first of several songs that afforded a memorably individual response to the music.

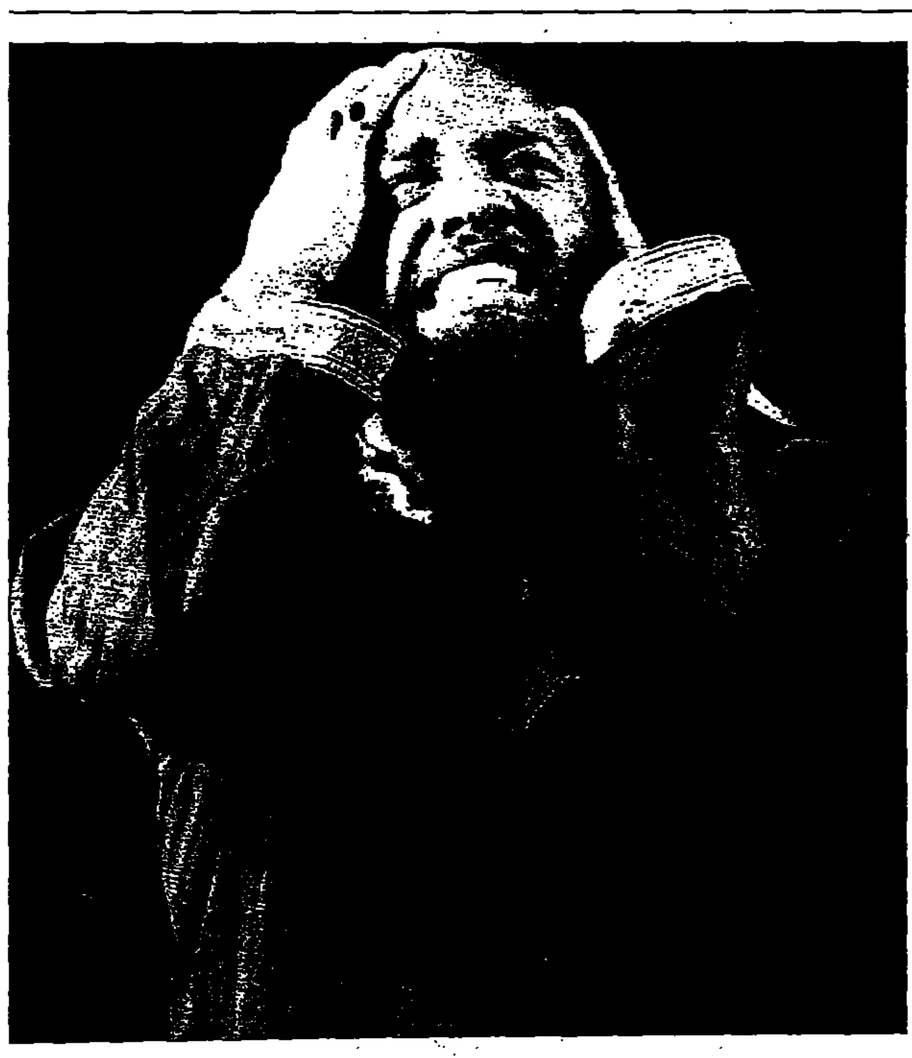
Whether this will be enough to take him into the Lieder singers' first division is another question. Although Henschel seems to have formed a good partnership with his accompanist, Fritz Schwinghammer, their pacing of the cycle was rather leaden, especially in the first half, where there was no youthful joie de vivre at all.

As baritones go, he does not have the gloss finish to his voice of Thomas Hampson, nor the mighty swagger of Bryn Terfel. Henschel must make the most of his attributes, which are his native German lineage and dedicated application to the task in hand. But a smile might help too.

At St. John's, Smith Square, on Friday, Adrianne Pieczonka smiled a lot, and hopefully not just because the small audience probably included a lot of her friends. After a decade in Vienna singing at both the Volksoper and the Staatsoper, the Canadian Pieczonka is more than ready to go out and face the world. Her soprano has been tested through 10 years of singing a varied operatic repertoire and has come out with no loss of beauty or freshness.

Although there was little to suggest she has any notable calling as a recitalist, her programme of Schubert and Strauss, Barber's *Hermit Songs* and Dvořák's *Zigeunermelodien*, very sympathetically accompanied by Charles Spencer, was full of lovely vocal musicianship. Of the two, I would place my bet on Pieczonka. Hers is a voice that should shine right across the lyric soprano's operatic repertoire. We need somebody to give Renée Fleming a run for her money.

Richard Fairman



Quietly making good drama

THEATRE

ALASTAIR MACAULAY

Othello
Royal Shakespeare Company

The new *Othello* lacks several of those features that make *Othello* great – sonorous beauty, heroic nobility, dramatic momentum – and yet I like it. Partly this is because Ray Fearon, in the title role, makes the pain that he endures surprisingly hushed. Fearon has emerged from the ranks of the Royal Shakespeare Company over some six years: he made a powerful impression as Brachiano in *The White Devil* and more recently was a fine Romeo. As Othello – a role in which most actors turn on the vocal beef and trumpetry – he seldom forces or overblows his expressions of sentiment. Sincerity rules: and inwardness; and clarity. The effect is to draw us, not into his emotion, but close to it.

He would be much better if he would drop his habit of breaking up Othello's sentences Into Individual (*pause*) Words, if he employed a wider palette of vocal colour, and if he made Othello's jealousy the dynamo that drove the last half of the play. Bearded but bald for this role, he is one of the youngest Othellos of recent years, and he does not have the character's sense of experience. The Venice scenes make little impact; until Desdemona appears, he neither speaks nor stands as if aware that he has done the state some service. Once in Cyprus, however, he commands effortlessly. He always demonstrates integrity, and self-knowledge.

For him, for Zoë Waites (Desdemona) and for Michael Attenborough (directing), this *Othello* is the follow-up to their very successful RSC *Romeo and Juliet*. That production was essentially a chamber-scale and 20th-century production; this *Othello*, staged in the large Royal Shakespeare Theatre, is an intelligent effort to bring the unexaggerated virtues of that kind of small-scale Shakespeare to a big house. It is easy to say why it doesn't succeed at every point: the first act is too unfocused, the last too mild and slow; and several actors have passages in which their body language looks merely fidgety. More important, however, is the degree of its success. This is an unusually clear *Othello*, and one hangs in particular on the central scenes for Othello and Iago.

Iago is Richard McCabe, and the precision with which he uses the ear of the audience is excellent. A communicative, amusing actor with a strange tension to him – evident in his slightly coarse vocal sound, in his neck and upper torso, and in the fierceness of his eyes – he has acquired a new stillness for this role. He speaks to us as if he knew us, he shows us with absolute clarity every motivation for Iago's malice – the several grounds he himself has for jealousy – and yet he leaves us feeling that he is inscrutable; that he can never be fully known either to us or to himself.

> **This is a good Othello which will probably greatly improve**

Designer Robert Jones's scenery is the more effective for being economical, and his costumes are early 20th century. I wish George Fenton's musicians were visible; the overture sounds like film music. There are many other good features. Waites's Desdemona and Rachel Joyce's Emilia are absolutely in tune with the sincere, unexaggerated tone of this production, and both have soprano passages. The grave beauty of Waites's lower voice is something rare in this role, and the quiet skill with which she sings the Willow Song makes a moving impression. But neither of these performance is fully resolved yet, nor has all the precision needed for big-theatre projection.

The most perfect performances are those of Henry Ian Cusick as a handsome, spontaneous, ardent Cassio, and Aidan McArdle as an indignant, foolish, malleable Roderigo. This is a good *Othello*, and probably it will greatly improve along the lines of its already striking clarity. At present, it cannot help showing us that it is smaller, less gorgeous, and less awesome than Shakespeare's play.

INTERNATIONAL Arts Guide

AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
Nederlands Dans Theater I: programme of works by Inger, Lightfoot, Kylián and Van Manen; Apr 23

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Otello: by Verdi. Conducted by Carlo Rizzi in a staging by Klaus Michael Grüber; Apr 25, 28

BALTIMORE

OPERA
Baltimore Opera Company, Lyric Opera House
Tel: 1-410-625 1600
www.baltimoreopera.com
Andrea Chenier: by Giordano. Conducted by Marco Armiliato in a staging by Bernard Uzan; Apr 24, 25, 28

BEIJING

DANCE
Exhibition Centre Theatre
The Royal Ballet: the British company presents a Gala Programme, with the Orchestra *of the National Ballet of China* conducted by Andrea Quinn; Apr 28

CHICAGO

CONCERT
Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
NHK Symphony Orchestra: conducted by Charles Dutoit in works by Gubaidulina, Sibelius and Prokofiev, with violin soloist Sarah Chang; Apr 27

FLORENCE

CONCERTS
Teatro Comunale
Tel: 39-055-211158
www.maggiofiorentino.com
● Orchestra del Maggio Musicale Fiorentino: conducted by Semyon Bychkov in works by R. Strauss and Brahms; Apr 23
● Vladimir Ashkenazy: recital by the pianist of works by Schumann, Ravel and Rachmaninov; Apr 25

OPERA
Teatro Comunale
Tel: 39-055-211158
www.maggiofiorentino.com
The Queen of Spades: by Tchaikovsky. Conducted by Semyon Bychkov in a staging by Lev Dodin; Apr 24, 27

FORT WORTH

EXHIBITION
Kimbell Art Museum
Tel: 1-817-3328451
www.kimbellart.org
Gifts of the Nile: Ancient Egyptian Faience. Brings together over 200 works, including statuettes of kings, gods and animals. Includes public and private loans; to Apr 25

HOUSTON

OPERA
Houston Grand Opera, Wortham Center
Tel: 1-713-227 2787
www.hgo.com
Resurrection: world premiere of Tod Machover's new opera set in Tsarist Russia, with a libretto by Laura Harrington. Patrick Summers conducts a staging by Braham Murray; Apr 23, 25, 28

LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
● Amsterdam Baroque Orchestra: conducted by Ton Koopman in works by Rameau, Bach, Boccherini and Mozart, with cello soloist Yo-Yo Ma; Apr 23
● Plácido Domingo: zarzuela concert, with the Orchestra of the Royal Opera House conducted by Miguel Roa, soprano Ainhoa Arteta and mezzo-soprano Cecilia Diaz; Apr 25

Royal Festival Hall
Tel: 44-171-960 4242
BBC Symphony Orchestra: conducted by Sir Charles Mackerras and featuring the Enesco String Trio in works by David Bedford, Tippett, Britten, and Walton; Apr 24

EXHIBITION
National Gallery
Tel: 44-171-839 3321
Portraits by Ingres: Images of an Epoch. 40 paintings and 50 drawings by the 19th century *French painter; to Apr 25*

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
● Mefistofele: by Boito. Conducted by Oliver von Dohnányi in a new staging by Ian Judge; Apr 23, 27
● *Semele: Rosemary Joshua* sings the title role in Robert Carsen's production; conducted by Harry Bicket; Apr 24, 28

Sadler's Wells
Tel: 44-171-863 8000
The Royal Opera: Paul Bunyan, by Benjamin Britten. Staging by Francesca Zambello, conducted by *Richard Hickox (replaced by* Chris Willis on Apr 27); Apr 23, 24, 26, 27, 28

LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
www.laphil.org
Los Angeles Philharmonic: conducted by Alan Gilbert in works by Bernstein, Ruggles, John Williams, and Copland; featuring David Breidenthal on bassoon; Apr 24, 25

MADRID

EXHIBITION
Fundación Juan March
Tel: 34-91-435 4240
Kurt Schwitters and the Spirit of Utopia: paintings, drawings, collages and photographs by the German avant-garde artist, from the period 1918-1947; from Apr 23 to Jun 27

MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● European Brass Band Championships; Apr 24
● Munich Philharmonic *Orchestra: conducted by* Manfred Honeck in works by Wolf and Tchaikovsky; Apr 23

NAPLES

OPERA
Teatro di San Carlo
Tel: 39-081-797 2331
Il Barbiere di Siviglia: by Rossini. *Gabriele Ferro conducts a* staging by Filippo Crivelli, with a cast led by Leo Nucci; Apr 25, 28

NEW YORK

CONCERTS
Avery Fisher Hall
Tel: 1-212-875 5030
www.lincolncenter.org
New York Philharmonic: conducted by Colin Davis in the world premiere of James MacMillan's "The World's Ransoming"; Apr 23, 24

EXHIBITION
Whitney Museum of American Art
Tel: 1-212-327 2801
The American Century: Art & *Culture 1900-2000. Millennial* celebration featuring more than 1,200 works and filling the entire museum; from Apr 23 to Aug 22

PARIS

EXHIBITION
Grand Palais
Tel: 33-1-4413 1730
Un ami de Cézanne et de Van Gogh: le docteur Gachet (1828-1909). Exhibition devoted to the doctor and painter who was a friend to Cézanne, Pisarro, *Monet and Van Gogh; to Apr 26*

OPERA
Opéra National de Paris, Palais Garnier
Tel: 33-1-4343 9696
www.opera-de-paris.fr
Platée: by Jean-Philippe Rameau. Conducted by Marc Minkowski in a staging by *Laurent Pelly; Apr 28,*

TOKYO

DANCE
NHK Hall
The Royal Ballet: Manon, with designs by Nicholas Georgiadis. Anthony Twiner conducts the Tokyo City Philharmonic; Apr 23, 24, 25

VIENNA

CONCERT
Konzerthaus
Tel: 43-1-5870 5040
London Symphony Orchestra: conducted by Michael Tilson Thomas in works by Haydn, Bartók and Sibelius, with viola soloist Yuri Bashmet; Apr 23

ZURICH

EXHIBITION
Kunsthaus Zurich
Tel: 41-1-251 6765
Chagall, Kandinsky, Malevich and *the Russian Avant-garde:* including important Russian loans; to Apr 25

TV AND RADIO

● **WORLD SERVICE**
BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

● *CNN International*
Monday to Friday, GMT:

06.30: *Moneyline with Lou Dobbs*
13.30: *Business Asia*
19.30: *World Business Today*
22.00: *World Business Today Update*

● **Business/Market Reports:**
05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20; 14:20.

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

PHILIP STEPHENS

Dark Continent

The war in Kosovo has awoken the European demons of nationalism, fascism and racial and religious conflict

The war against Slobodan Milosevic is being fought because Kosovo lies on Europe's soil. Nato's leaders speak of the moral and strategic imperatives of victory. They are right. And the alliance at last has put aside the self-deception that said it was possible to will the end without furnishing the means. If need be, the Serbian army will be defeated on the ground.

For Europe, though, the war is about more than the singular wickedness of Mr Milosevic. The rape of Kosovo is an affront to the Continent's self-image. It awakens the demons of a past best forgotten. More than that, it pricks a bubble of grand pretension by speaking of western Europe's dismal response to the fall of the Soviet empire.

We know that the legacy of the conflict will be a dangerous mess in the Balkans. Nato forces will have to occupy Kosovo for the indefinite future. It will not be easy to restore stability to the rest of the region. The billions of dollars spent on the war will be followed by many billions more to repair the damage of the bombs. Serbia cannot forever be left in ruins.

The eventual peace, though, will leave a bigger question. It will ask whether Nato's European nations can find the vision and the will to build the unified Europe promised, but never delivered, after the fall of the Berlin Wall. If Europe's leaders have the wit to realise it, Kosovo can change everything. What worries me is that it may change nothing.

Most painful now for these leaders is the enforced admission that there is nothing new in the brutal ethnic repression we are witnessing in Kosovo. President Bill Clinton put it well, if less than tactfully, when he said the US was fighting in the Balkans because "the whole 20th century is in large measure the story of slaughter that started in Europe".

Today's Europeans may recoil in horror at genocide in Rwanda and atrocities in the Congo. But Europe was Africa's diligent tutor in these matters. At a very conservative estimate 50 million have died this century in Europe's wars and concentration camps. Bosnia and now Kosovo remind us that what the historian Mark Mazower has called the European demons of nationalism, fascism, and racial and religious conflict have never been exorcised.

There is nothing new in the sight of a beaten, broken people being driven from their homes. Ethnic cleansing is part of Europe's heritage. The Holocaust was its most evil expression, but Hitler's genocide was unique in its scale rather than its purpose.

The slaughter and expulsion of minorities and the remaking of borders along ethnic lines has been a recurring theme of the Continent's wars – and of the treaties that ended them. Thus the 1920s saw whole populations exchanged by Greece and Turkey. Yalta, too, paved the way for the uprooting of German communities in eastern and central Europe. And the resurgence of ethnic nationalism which has torn apart the former Yugoslavia might, as Chechnya showed us, have done much the same in the former Soviet Union.

This was supposed to be the past left behind in 1945. As Robin Cook, Britain's foreign secretary put it this week, "Nato was born out of the defeat of fascism. Fifty years on, we cannot tolerate the rebirth of fascism on our Continent". Such sentiments have been heard in most capitals. They explain why Germany has broken a promise to itself that it would never again take part in an offensive war. And why, too, for all the private hesitations in Italy, Greece, France and elsewhere, the Nato coalition has defied Mr Milosevic's calculation that it would not survive a prolonged conflict.

It is not enough to say never again. Kosovo exposes with cruel clarity the huge gulf in western Europe between puffed-up pretension and grim reality. It was only a few months ago that the European Union proclaimed it would create a partnership of equals with the US in Nato.

The alliance's new strategic concept, to be unveiled at today's Washington summit, was supposed to declare Europe a fully-paid up member of the international defence community. Britain, France and Germany would stand ready to put out the fires in their own backyard.

Now look at what's happening in Kosovo. There are British Harriers and German Tornadoes in the skies over Belgrade. And there are French, even a few Belgian, troops in Macedonia. But the political purpose of these forces counts for infinitely more than any military capability. Once again, the US is fighting Europe's war.

The air campaign depends entirely on American fighters and cruise missiles, on Washington's command and communications facilities, and on its intelligence input. Take those assets away and no amount of moral outrage in London, Paris and Berlin would halt Mr Milosevic's terror. As for ground forces, Europe's leaders cannot whisper a word until Mr Clinton is ready to send in the marines.

But wait, I hear it said in London and Paris, these inadequacies explain precisely why Europe must get on with building its own distinctive defence identity. And the EU intends very soon to appoint its own high representative on foreign and security policy. Gosh. And how much more will these nations spend to update and reorganise their woefully inadequate defence capabilities? Ah, well, that's a question best not asked. Nothing must threaten the Maastricht treaty rules on fiscal deficits.

Europe's real failure, though, has been one of political vision, of leadership and imagination. It has been a refusal to admit the enormous challenge as well as the precious opportunity presented by the collapse of the Soviet empire. It was assumed that it was enough simply to declare victory when the Wall came down and wait for a reunited Continent to emerge without effort or pain.

This, as Mr Mazower points out in his fine survey of Europe's 20th century*, was to misread the significance of 1989. The common assumption was, and still is, that the defeat of communism marked the triumph of democracy. In fact, the victor was capitalism. There was never any guarantee that nations liberated from communism would turn instinctively to democracy. Few knew the meaning of political pluralism – or how to set about building it.

Yet the EU's contribution to the creation of a democratic Russia has amounted to a few billion euros and the despatch of a handful of economists from the Chicago school. And to Moscow's former satellite states, the Union has offered plentiful promises and precious little else. Sure, they can join Europe's democratic club – as long as they wait another 10, 15 or 20 years; so afraid are the EU's leaders of asking their voters to make a sacrifice in the cause of peace and stability. Even as they bomb Serbia, these great European statesmen trade the timetable for enlargement against subsidies for dairy farmers and olive growers.

Yet out of Kosovo comes an opportunity. Victory in this nasty but necessary war will offer the moment for politicians to tell the truth. Yes, the reunification of Europe comes with a price tag. But it is minuscule against the costs of the blind indifference of the past decade. I have heard it said that Tony Blair would like to claim a place in history as a European statesman. Here's his chance.

Dark Continent, Europe's twentieth century, by Mark Mazower, £20, Allen Lane/ The Penguin Press

LETTERS TO THE EDITOR

Refugees' right to refuse repatriation

From Prof Arthur C. Helton.

Sir, Sadako Ogata, the UN High Commissioner for Refugees, may be mistaken when she states that the "only solution" for Kosovar refugees is repatriation so as not to "endorse the ethnic cleansing that has already taken place" (Personal View, April 20).

Refugees have become the centrepiece of the conflict in Kosovo. Slobodan Milosevic's forces are brutally uprooting and expelling them, and Nato vows to return them. The only missing perspectives are those of the refugees, who have become, in some sense, pawns of war. For this reason, they should be given basic choices.

Specifically, a protected internal enclave should be established so that at least some Kosovars can remain. Albania and Macedonia should, of course, be assisted in fulfilling their obligations to receive and treat the refugees humanely. But Nato countries should share this responsibility by offering to relocate some of them. Many refugees may repatriate voluntarily after the conflict ends. But many who have been treated atrociously may not wish to return, and they should instead be offered resettlement.

An array of outcomes is needed to ensure respect of the human dignity of the Kosovars.

Arthur C. Helton,
School of Law,
New York University,
40 Washington Square South,
New York, NY 10012, US

EU-only tax will drive out business

From C. J. Farrow.

Sir, As Lex summarises so well (April 20), agreement on a eurobond withholding exemption will address only some of the difficulties posed by the savings tax directive proposal; a range of administrative burdens for paying agents will remain, issuers' costs may increase, and the directive will still encourage a shift of custody, asset management and private banking business outside the European Union.

That is why we have stressed that – building on last year's work in the Group of Seven – the EU's priority should be to secure international agreement on the need for measures to combat tax evasion. This would not mean that the negotiation of a regime for the EU should be put on the back burner but that the measure, when adopted, should explicitly provide that implementation should be deferred until parallel measures are being introduced in countries in the Organisation for Economic Co-operation and Development with competing financial centres.

If the EU proceeds to implement legislation in isolation, the result, perversely, will be to encourage other countries not to introduce equivalent measures as they start to benefit from the flow of business driven outside the EU.

C. J. Farrow,
director general,
London Investment Banking Association,
6 Frederick's Place,
London EC2R 8BT, UK

Transparency and the SEC

From Mr Robert K. Elliott.

Sir, Your editorial "Global accounts" (April 15) unfairly disparages the Securities and Exchange Commission and others concerned about the quality of accounting standards. The issue is not nationalism, as you imply, but the cost of capital and the protection of investors.

Professor Christine Botosan provides dramatic evidence of the link between lower transparency and a higher cost of capital (Accounting Review, July 1997: the least transparent companies in her study suffered a 970-basis-point disadvantage in their capital costs compared with the most transparent). International Accounting Standards Committee standards permit more latitude and less transparency than US Generally Accepted Accounting Principles. The SEC is rightly examining these issues. Improved accounting standards should be the aim, not mere uniformity.

Robert K. Elliott,
17 Southgate Avenue,
Hastings-on-Hudson,
NY 10706, US

This dangling distraction has a point after all

From Mr Richard Mascall.

Sir, In his assessment of Sir Norman Foster's transformation of the Reichstag ("Berlin gets the greenhouse effect", Arts, April 19), how can Ralph Rugoff describe the "dangling tip of his inverted cone" as a "pointless distraction"?

Richard Mascall,
80A Westhall Road,
Warlingham,
Surrey CR6 9HB,
UK

Number One Southwark Bridge, London SE1 9HL

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Of hares and tortoises

In the race for the Republican presidential nomination, George W. Bush has got off to a head start. But there are dangers in peaking too early, says Gerard Baker

Republican line-up: campaigners (from left) George W. Bush, Elizabeth Dole, former vice-president Dan Quayle and John McCain of Arizona

As Aesop's hare *discovered* the hard way, winning races is all about the effective management of expectations.

With the campaign for next year's US presidential election now moving into top gear at an unusually early stage, the fable's lesson will not be lost on the large field of Republican candidates.

While the Democrats' race is emerging as a straight contest between two men – Al Gore, the incumbent vice-president, and Bill Bradley, the former senator from New Jersey – the Republican field is spread wide across the party's spectrum.

Ten candidates have put their names forward. Thanks to a tightly compressed primary election season early next year, the race has been shifted forward by several months and most of the aspirants are already shuttling around the country.

Oddly though, the Republican contest looks even more one-sided than the Democrats'.

Polls suggest George W. Bush, the governor of Texas and son of the last Republican president is at least 25 percentage points ahead of the rest of the field.

And in the battle for campaign money – the lifeblood of any primary election candidate – George W. has already secured an extraordinary advantage.

Mr Bush only formally declared his interest in the presidency early last month, but within 28 days, he had already raised $7m, more than the rest of the other nine candidates' combined.

Even more remarkable, Mr Bush pulled in that money *without attending a single* fund-raiser. The cash simply came in from eager supporters.

The campaign war chest and poll ratings are nothing but a reflection of Mr Bush's strengths as a politician: he is trusted by Republicans of all hues. They see him as the man to heal the party's divisions and lead them back to the White House after eight years on the outside.

In short, the Republican race already looks more like a coronation – and a battle for a respectable second place. But history and politics suggest it may not be quite that easy for Mr Bush.

Part of the Texas governor's as yet half-concealed problem is that he is, in spite of his public profile, still something of an unknown quantity.

The policy fault lines of the Republican race have not crystallised at this stage. Traditionally divisive issues – taxes, the role of the federal government, abortion, race – are mostly dormant. That has helped Mr Bush, since he has not yet been forced to take a firm stance on anything.

An interesting preview of the difficulties Mr Bush may face has already surfaced in Republican responses to the conflict in Yugoslavia.

On one wing of the party, conservative isolationists *such as Patrick Buchanan*, the former speechwriter to President Richard Nixon, and Gary Bauer, the family issues pressure group activist, have staked out firm opposition to US involvement and called for an early withdrawal.

At the other extreme, John McCain, an independent-*minded Vietnam War* veteran, has castigated the Clinton administration and his Republican colleagues for not taking a more aggressively interventionist approach. He has called on the administration to prepare actively for ground troops in Kosovo.

"The Kosovo conflict has been, in effect, the first Republican primary, and John McCain has won it," says William Kristol, a former adviser to vice-president Dan Quayle.

Most of the other candidates, including Mr Buchanan and Mr Bauer, have at least not shied away from taking a firm position.

Mr Bush, however, has been, in the words of his critics "missing in action". Clearly eager to avoid taking too bold a stance, he has adopted a kind of uncertain centre ground, tentatively supporting Mr Clinton's approach, but reserving the right to distance himself from it should it fail.

Mr Bush's opponents see this both as part of the key to his success so far, and as his principal weakness in the unfolding contest. He has not yet been forced to take positions that clearly define himself in the party's debates. When he does, opponents believe his advantage will diminish.

A more important hazard for Mr Bush may be his vast lead. He enjoys what one political consultant calls an "impossible supremacy. It is *almost inconceivable* the Texas governor can match his current expectations as the election draws nearer, and especially once the first primary returns start coming in next February."

The other candidates see some real advantages in Mr Bush's enormous lead. They know that, in the past few presidential elections, careful management of expectations has been crucial to candidates' success.

In 1992, Bill Clinton "won" the New Hampshire primary, the first in the nation's electoral calendar, even though he came a poor second, because his scandal-plagued campaign had diminished expectations. Anything other than a drubbing, therefore, came to look like a victory. In the same year Mr Buchanan, also "won" the Republicans' primary in the same state, but finished well behind President George Bush.

On this view, seemingly unlikely candidates such as Dan Qualye, still notorious for his inability to spell "potato" is in a curious position of strength-through-weakness. His expectations are extraordinarily low, but he has a solid fund-raising network and is popular with the conservative wing of the party. It will be almost impossible for him not to exceed expectations.

In spite of these probable pitfalls, of course Mr Bush remains the obvious favourite. Frontrunners may stumble but they have generally picked themselves up and gone on to win the nomination. The selection process, however, is bruising. The question is whether the damage sustained in the process proves great enough to cripple a candidate in the ensuing general election.

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday April 23 1999

Facing facts in Kosovo

After weeks of hoping the question would go away, Nato's leaders have finally begun to focus on the possibility of using ground troops in Kosovo, to follow up their air strikes. It is certainly a fateful decision they have to take, and one that cannot be lightly entered into. The implications of invading a sovereign state are dramatic.

If it is done *without the consent of the Yugoslav regime*, even if its armed forces have been severely mauled by the bombing campaign, then casualties are inevitable. The logistics of any invasion of Kosovo are daunting, as is its mountainous geography. There are profound differences between the 19 Nato member states on whether it can or should be done, not to mention the furious opposition of others, particularly Russia.

All of that must be weighed up by the Nato leaders at the summit which begins today. It is a debate which they should have held much sooner. By ruling out any use of ground troops as they launched the bombing, they handed Slobodan Milosevic a large tactical advantage. He was able to pursue his foul campaign against the civilian population of Kosovo with impunity, knowing *that air power alone would never* stop him.

At the very least, the allies should decide to step up their ground forces in the immediate *vicinity of Kosovo to the full* 30,000 already planned for peace-keeping there. But they will have to go further. They must be prepared to use those troops, even if *Milosevic has not been bombed* into total surrender. Although a full-scale invasion against hostile forces still looks unwise, and would take months to organise, a protection force to enable the return of Kosovo's refugees might have to face prolonged *low-level hostilities from Serbian* forces. It must be armed and prepared for that probability.

More drastic action, for example using airborne troops, may *yet have to be taken. Milosevic is* a desperate and unpredictable opponent. He may well seek to spread the war to neighbouring countries. He must be defeated.

President Clinton and his allies must recognise that victory cannot be won clinically, and without casualties on their side, as they have sought to do so far. The refugees have paid the price for their hesitancy.

There is a danger that the campaign will turn into an extended war of attrition, which would put big strains on Nato's solidarity, and cause even greater misery for the refugees. It needs to be stepped up to be brought to a conclusion. That means aircraft will have to fly risky low-level missions – now. It will show Milosevic the allies are serious. It could help minimise the use of ground troops in the future. Pilots and soldiers will still die. *But this is war. It cannot be* fought half-heartedly.

Trading beef

The European Union has often accused the US of imperilling the world trade system by favouring unilateral trade measures, in defiance of its international commitments. At times, Washington's conduct has fully justified such criticism. But the EU's holier-than-thou attitude is becoming increasingly hard to reconcile with its own behaviour.

The latest instance is its threat to halt all US beef imports from June, because it has found they contain growth hormone residues. The small amounts of US beef it allows in are admitted only on condition that producers *certify them to be hormone-free.* But Brussels' claims that failure to meet those conditions entitles it to cut off trade look legally weak and politically provocative.

The World Trade Organisation condemned the EU's 11-year ban on hormone-treated beef last year, because the measure was supported by no scientific evidence that such additives were unsafe. Furthermore, the EU's reaction to that judgement has been dilatory *to* the point of recalcitrance.

Although allowed 15 months to come into line, it says it will miss the May 13 *deadline* because it *will not have com*pleted scientific tests on hormones. Brussels' secrecy about how or by whom the tests are being conducted scarcely inspires confidence in their objectivity.

Worse still, its grudging response is starting to look like part of a pattern. It follows repeated EU delaying tactics over the past year, to avoid bringing its banana import regime into line with a WTO judgement against it. The result was a bitter dispute with the US, which split the organisation and brought it close to crisis.

The EU's defence of its conduct is unconvincing. It argues, in the *case of hormones, that popular* concerns about food safety make it politically difficult to lift its ban. But removing trade restrictions always faces strong domestic *opposition. Lack of political* resolve and fear of embarrassment are no excuse for not respecting the rule of law.

The EU has a particular responsibility in this regard. It is one of the WTO's biggest members and an architect and active user of its disputes settlement procedures. If it does not observe the spirit and letter of the rules, why should it expect anyone else to do so?

The onus is now on the EU to get its house in order. Above all, it needs swiftly to resolve the hormones dispute – which foreshadows still tougher trade conflicts over food safety – in a way that fully meets its WTO obligations. The US, its main adversary in the battle, can best ensure that outcome by being equally scrupulous in playing by the rules.

Overdue relief

This weekend's Washington get-together of the world's economic glitterati is a perfect occasion for the rich countries to come up with a new formula for debt relief for highly indebted poor countries. Everyone agrees *that the current initiative*, known as HIPC, has fizzled. It is time to revive it.

Great optimism accompanied its launch in 1996. HIPC represented a recognition on the part of the rich economies that the debt burdens of the 41 countries *identified under the scheme* were unsustainable. The World Bank, the International Monetary Fund and the G7 leading industrial countries said they would help.

But progress has been too slow. Only two countries have so far received debt relief. By 2002, six years after its launch, only *seven* countries will have been helped. The rules have been too rigid. HIPC needs a kick-start.

In a speech in London yesterday – before she jets off to the meetings – Clare Short, UK international development secretary, made an excellent contribution *to* this effort. It is a speech worth repeating when she gets there.

First, she attempted to dispel the myth that debt is bad. This is obvious, but still needs explaining. Lending to poor countries is part of the development process. The problem comes when loans are wasted, rather than being put to productive uses.

Second, she said that writing off debt unconditionally, regard*less of the* politics and policies *of* the countries involved, "is clearly wrong". This is clearly right. Debt relief – a form of aid – given to governments that waste and steal the funds is worse than no relief at all.

Third, she said that the major *failure of HIPC* is that it has failed to free up money for anti-poverty programmes. Again, she hit the nail on the head.

However, the suggestion that this anti-poverty focus be achieved through reforming the IMF Enhanced Structural Adjustment Facility *is less helpful.* This reform risks being bogged down in bureaucracy. Instead, now is the moment to address *the debt* issue more directly.

Oxfam has provided an admirable blue-print for how this could be achieved: a "human development *window*", *a debt* relief programme to provide quick relief for countries that are committed to relieving poverty, with *a* commitment to transparency and *external* monitoring. It should be put into practice.

The critical political mass for radical debt reform *has now* been reached. The UK, US, France and *Canada* all support the cause. *Germany* no longer is now an enthusiast rather than an obstacle. Building *this consensus* has taken three years. Now get on *with it.*

An uneasy anniversary

David Buchan and **Stephen Fidler** on how Nato is attempting to meet the military and political challenges presented by the Kosovo crisis as it marks its 50th birthday

For a summit that was to have been largely celebratory, the 50th anniversary gathering of the 19 leaders of the North Atlantic Treaty Organisation that starts today will be extraordinarily sombre. No flypasts, no parades, but instead a council of war on the alliance's first military campaign *in its history.*

The outcome of the Kosovo conflict will determine the future of Nato, or even whether it has one. "This is the testing moment for the Nato alliance," said Senator Richard Lugar this week.

After four weeks of bombing, Nato members and neighbouring countries have hundreds of thousands of refugees on their hands. Nato's strategy of high-level aerial bombardment has damaged Yugoslavia's infrastructure and killed some ethnic Albanian refugees but broken neither the *Serbs' military forces nor their* civilians' morale.

This is why Nato leaders will not be able to postpone discussion of preparing a ground invasion of Kosovo against Serb military resistance, instead of the peacekeeping force they hoped to send in with *President Slobodan* Milosevic's consent.

The failure of the campaign to achieve its initial objective has caused growing unrest among politicians *on both* sides of the Atlantic. Europeans have blamed the US for the decision not to use ground troops for fear of American soldiers being killed. In the US, Senator Gordon Smith has detected a growing frustration "that but for Nato we wouldn't be in this fight, and that because of Nato (and European reservations about ground troops) we can't win this fight".

So far, governments and *military on both sides of the Atlantic* have prevaricated about a ground invasion. Tony Blair, British prime minister, and President Jacques Chirac of France may *want to raise the issue* at today's summit, but ministers and army chiefs in London and Paris have been as nervous about invading Kosovo as those in Washington.

William Cohen, the US defence secretary, gave an insight this week into the Pentagon's deep reluctance over all Kosovo options. America's top brass, he said, was "not enthusiastic" about the air campaign, but considered the alternatives to the campaign even worse.

Nonetheless, the Kosovo crisis has confirmed the relevance of Nato – just as criminals confirm *the relevance of policemen.* Ten years ago, when the Berlin wall came down, it seemed destined to join its Warsaw Pact adversary in the dustbin of history. But the crisis, and Mr Milosevic's brutal ethnic clearing of Albanians, have helped to confirm the continuing relevance of an international military force.

This has helped Nato to build on other achievements since the demise of the Warsaw Pact. It *demonstrated adaptability in 1994* to Europe's embryonic defence ambitions by agreeing a mechanism to let Europeans draw on Nato resources for any future *Europe-only operations.* It showed courage by finally intervening in 1995 to help put an end to the war in Bosnia, and staying power in keeping its troops there.

It has also proved magnetic enough to attract new members. Poland, Hungary and the Czech Republic joined last month, and another 10 countries have said they would like to join. Finally, through its Partnership for Peace programme, it has embarked on a dialogue with 27 countries, mainly ex-Warsaw Pact members and ex-Soviet republics.

Nor has its record in Kosovo been all bad. In some ways, the alliance has pulled together very impressively. In the air, the planes of a dozen nationalities dovetail with each other, spot targets for each other and stand ready to launch rescue missions for each other's pilots.

There is the same level of co-operation at sea. In one small example, a British anti-submarine frigate, HMS Somerset, has joined the French group centred *around the carrier Foch* – the first time since the Crimean war, in the mid-19th century, that a British warship has come under French wartime *command.*

For its part, France has abandoned its standoffish attitude to Nato in peacetime. Although outside Nato's integrated command in peacetime, it is making the single biggest contribution to the air campaign after the US, with 70 bombers.

After some wobbles from Italy and Greece, Nato's political solidarity has also been impressive. But this solidarity is now being severely tested as the scale of the endeavour grows. France has said Nato should not mount an oil blockade by sea of Yugoslavia or a ground invasion of Kosovo without endorsement of the United Nations Security Council.

The question of how Nato proceeds in the Balkans has a heavy bearing on the alliance's three wider preoccupations. These are its post-cold war role in peacekeeping and crisis management outside Nato territory, the creation of a European defence identity within the alliance, and its relationship with Russia. The *Russian relationship depends* partly on whether Nato admits more ex-Warsaw Pact members, which Russia opposes.

Nato's peacekeeping role out*side its borders is at the heart of* the summit debate over Nato's "new strategic concept". Nato's strategic concept dates back to November 1991, when the Yugoslav cauldron was only beginning to bubble and the Soviet Union still had a month to live.

At least until Kosovo, the US view on the scope, as well as the authority, for "out of area" operations has been clear. If Nato "does not go out of area, it will go out of business", said Senator Lugar recently.

A year ago, Madeleine Albright, US secretary of state, was describing Nato as "a force for peace from the Middle East to Central Africa". Now, even in the event of a Kosovo victory, it is hard to see Nato straying much beyond the Balkans.

The Europeans will continue this weekend to try to carve out a European Security and Defence Identity (ESDI) within Nato. This would raise the question of how to obtain Russian approval, and of how far and under what *authority Nato should act outside* its alliance area.

Mr Blair takes on board some of the US criticism, and accepts that ESDI could easily stand for *European Spending on Defence* Initiative. But, for all France's close wartime integration into the alliance, President Chirac remains equally wedded to a bigger European decision-making role, and authority.

But Kosovo has exacerbated tensions between Nato and Russia, and ensured President Boris Yeltsin's refusal to attend the summit. Thus the three-day meeting in Washington has been overshadowed by the conflict. Nato's future will be decided not in Washington's conference halls, but in the Balkan crucible.

Montage by Caroline Doyle

Uneven alliance: (from left) Bill Clinton; Tony Blair, Jacques Chirac; Wim Kok; Jean-Luc Dehaene; Gerhard Schröder; Massimo D'Alema; Javier Solana

Keeping Milosevic guessing

Nato is drafting plans to deploy ground troops in the Balkans. The question is how and when, says ***Alexander Nicoll***

Nato's military commanders went into the campaign against Yugoslavia with hands tied behind their backs. Though mouthing rhetoric about "grinding down Milosevic's killing machine", they have not had the means to do the job.

They did not have enough aircraft. Their targets were limited. *They were told to minimise risk* to pilots. But according to retired senior officers, the chiefs' biggest handicap was that Yugoslavia knew their strategy in advance. Mr Milosevic would have to withstand air strikes, but there would never be an opposed invasion.

Officially, this is still Nato's position: the air campaign will continue until it succeeds. Unofficially, the alliance's stance is shifting: plans are being drafted at Nato and in defence ministries for offensive ground forces to supplement air power.

It is not that Nato generals would, if given a free hand, be massing troops for an imminent invasion. *The point is more to* broaden their options and cause uncertainty in the minds of Mr Milosevic and his military chiefs.

Beyond the fact that political consensus within Nato on ground troops seems distant, an immediate offensive is out of the question for *practical reasons.*

It is not yet time: Nato has not established air supremacy in Kosovo. Though Serb aircraft and helicopters can fly only short distances without risking attack, Nato aircraft are at considerable risk from anti-aircraft guns and portable surface-to-air missiles.

Nato needs to eliminate much more of the likely resistance from the Yugoslav army and special police. Cutting off lines of command and communications, as well as destroying fuel and ammunition, will isolate them. But the destruction of large numbers of military vehicles and other assets on the ground would *really weaken them.*

Former air force officers say Nato pilots must be given freedom to do what they have been trained to do: low flying. That and the imminent introduction of the US army's Apache tank-*busting helicopters could inflict* significant losses.

The second reason why an immediate invasion is impossible is the need to assemble a sufficiently large armoured force. Experts believe the minimum would be 70,000 troops, more than twice the size of the peacekeeping force Nato had planned. Putting this together would take at least two months.

Planners face big challenges: *where would an invasion come* from? At present, the only country neighbouring Kosovo that is likely to permit its territory to be used is Albania. From there, the only entry points are mountain passes in which defenders *could inflict heavy casualties.* A massive air and sea lift of equipment would be necessary, but airports and harbours are in short supply.

The alliance says a ground* force would only enter in a "permissive environment". Military experts believe the air campaign can remove much resistance. The key for strategists is to keep Mr Milosevic guessing about the point at which the alliance *would march in.

OBSERVER

Man the life-boats

It should all be *looking* so sweet for Sir Leon Brittan. For ages Europe's trade commissioner has made it known he wanted to bow out this year after a decade of heavy-hitting in Brussels.

And for a good three years he's been pressing for a *millennium round* of trade talks – a subject that's high up the agenda of an international get-together in Seattle in November.

So what better way to make your exit than with a round of international applause for your *last grand scheme?*

Except that Sir Leon's lot are none too sure he'll still have his job *by November* and are *busily* departing in the meantime.

For though the commission's recent en masse resignation didn't stop most commissioners from shuffling back to their offices soon after, life is about to change.

Each commissioner will have to be reconfirmed in office when new president Romano Prodi makes his entrance this summer. That could be more trouble than it's worth, particularly when vultures have begun to circle over the choicest jobs – like Sir Leon's.

And while Sir Leon ponders his fate, his staff are *preparing* their parachutes. Already Nicholas Clegg, his adviser on China, has left to run for election to the European parliament.

Ivan Rogers, Brittan's chief of staff, is returning to the UK *Treasury in September*, while Simon Fraser, Rogers' number two, who dealt with relations with the US, is off to *Britain's Paris* embassy in June.

Which might leave Europe's trade team looking rather short staffed to say the least. Good job *nothing important is going on in* commerce – apart from minor distractions such as crucial international negotiations and the occasional trade war.

Silver lining

Richard Nanula, who resigned on Wednesday from his post as president and chief operating officer of Starwood Hotels & Resorts, may find some consolation in the kind words about him in a document the company filed yesterday.

Nanula, 38, was brought to the hotel and casino company about a year ago by chairman and chief *executive Barry Sternlicht,* a classmate at Harvard Business School, but relations soon soured.

Nonetheless, Nanula stayed for *long enough* to collect a *$1.4m* bonus for 1998, on top of his $950,000 annual salary.

Starwood chalked the bonus up to "his vision and strong *leadership*".

Nanula was also slated to receive a hefty option grant and collected a restricted stock award worth $15m a year ago. These, the document says without irony, were meant to *reflect* "Starwood's need to *retain* a talented senior executive with certain background, experience and *leadership skills*".

Not nice

Brussels has fallen foul of its *most notorious residents:* the eurocrats. The European Commission is taking the city to the European Court over its slowness to clean up the river Senne, describing it as "more of an open sewer than a river".

Visitors might be surprised to *learn Brussels even has a river.* In fact, the Senne runs through the city centre but was covered over in 1870 *as a source of* disease and ill health.

Apparently, little has changed in 129 years. Brussels council says it has spent $240m on one waste treatment plant, and another, costing $320m, will open in 2003. It invited Ritt *Bjerregaard, EU environment* commissioner, to see for herself. "She didn't come," laments one official. "Perhaps she had something else to do."

Bedtime

It doesn't take much for Americans to get all emotional over the relics the founding fathers left behind. And selling off their presidential suites would be tantamount to treason. Not so for the Canadians. The owners of a bedroom set once slept in by Canada's first prime minister have been trying the hard sell for three decades. But they've only just managed to hawk it and in a *US internet auction to boot.*

It's not clear who forked out $400,000 for Sir John A. Macdonald's delicate walnut furniture. But it wasn't the Canadian government, which didn't even bother to bid.

Ottawa says it's not convinced the *furniture's authentic. And in* any case, it clashes with the decor in Bellevue House, the prime minister's historic home.

Canadian heritage freaks *needn't despair.* A New Brunswick legislator is pressing for the return of depression era prime *minister*, R.B. Bennett, who's buried in England.

But if you're waiting to get the right price for your collection of prime ministerial tea-cups – don't hold your breath.

Toilet humour

Japan has always lagged behind the US in information technology, but the full extent of the gap is only now becoming apparent. One chilling statistic from the country's ministry of international trade and industry says it all: Japan has fewer personal computers than heated toilet seats.

At least it should mean less hassle with the millennium bug.

The Financial Times

50 years ago

Banking Survey

The damage inflicted on the face of London as a result of its ordeal by fire through six years of war was extensive and grave. But from the viewpoint of Britain's *economic well-being, it* was a less serious matter than the damage which the distortions and the disturbances of the war years inflicted on the position of London as a national, and above all as an international financial centre.

In the pre-war period Britain's income from invisible exports account for almost a third of the country's overseas earnings and a substantial portion of this amount accrued directly or indirectly from the services performed by London *as a world financial centre,* whether by furnishing capital for overseas development, by financing and insuring international trade or by the simple *process* of organising the flow of goods where they were produced to the points where *they were wanted.*

By the time the war closed, London had lost much of the business that had formerly come to it as a world financial centre. What was worse, its chances of regaining lost ground and claiming a fair share of the new business seemed anything but bright.

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THE LEX COLUMN

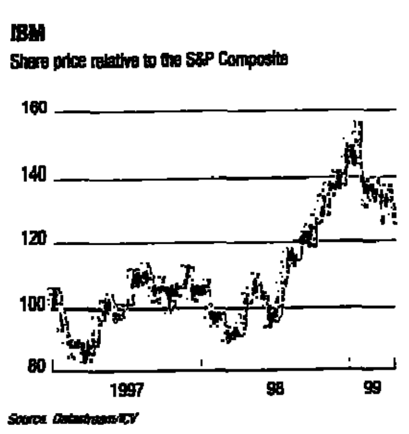
Dial M for merger

How do you value a deal that may never happen? Cautiously, if Telecom Italia's investors are the judge. Shares in TI actually fell slightly after yesterday's announcement of its colossal merger with Deutsche Telekom. They now stand at €9.84 – a 15 per cent discount to the €11.77 offer value implied by Deutsche's closing price.

The main problem remains political. Franco Bernabe, TI's chief executive, has so far failed to persuade the Italian government to give his deal the nod. Bonn's flat refusal to waive voting rights over its 72 per cent stake in Deutsche has ruffled Italian feathers. Mr Bernabe is hoping to win Rome round by painting the deal as a further piece of European integration. This may prove irresistible to a pro-European such as Massimo D'Alema, Italy's prime minister. But there is no guarantee he will not favour the national solution: Olivetti's bid for TI.

Even with Rome's blessing, the merger faces a grilling from Brussels. This is unlikely to kill it. Deutsche will almost certainly have to get out of Global One, its international alliance with France Telecom and Sprint of the US. But that should not cause many tears.

Nonetheless, political and regulatory approvals – even when forthcoming – take time. This is a scarce commodity. Olivetti is expected to launch its rival bid next week. Because of Italy's takeover regulations, this could close before the merger is launched. Even worse, Olivetti might accept any tendered shares even if it ends up with a stake as small as 35 per cent, thus emerging as a substantial minority shareholder pledged to block the merger. Mr Bernabe's last defence plan failed because he treated his shareholders too complacently. Unless he wants TI sold under him, he must not make the same mistake again.



IBM

The revival of International Business Machines under Lou Gerstner, chairman, continues to astonish. The computer maker has now beaten earnings expectations in each of the past 12 quarters. But the real surprise in the latest figures is the acceleration in revenue growth: from 6 per cent in 1998 to 14 per cent in this year's first quarter. The breadth of IBM's product line-up, from laptops through servers to mainframes, helps. So does geographical diversity. The group is turning around its loss-making personal computer business and forging ahead in selling software and services.

IBM's different divisions are finally working together as they should: there is growing evidence that the group's service and software support are helping it win additional hardware sales. IBM's increasing momentum will put further pressure on rivals such as Compaq and Dell to imitate its integrated approach. And its shares, on 25 times 1999 earnings estimates, are at a discount to the market while offering a faster growth rate.

Pharmaceuticals

US healthcare reform is back on the agenda. Not, thankfully, the sweeping curbs on drug usage proposed by the Clintons in the early 1990s. But the current, more modest, proposal is still something investors should take seriously.

The debate in Washington is about extending the coverage of Medicare – the US government insurance plan for the elderly – to non-hospital prescriptions. Currently, Medicare covers only hospital costs. This is significant since physician-prescribed drugs to elderly people are worth around $40bn a year, fully 45 per cent of the US drugs market. According to broker Donaldson, Lufkin & Jenrette, getting Medicare to pay for these would boost volumes by 7 per cent or so as patients ask for more medicines. But in return the government is likely to ask for a big discount. Based on existing drug funding for veterans, this discount could amount to 15 per cent.

While exposure to US elderly prescriptions and US margins vary company by company, DLJ estimates that – all else being equal – this would knock roughly 15 per cent off US drug company earnings and 10 per cent off the European stocks.

Given the recent sharp underperformance of drug shares, some of that *may* now be in the price. And, Medicare extension may never happen. But the mere threat can be devastating. Even though the Clinton reforms failed, pharmaceutical stocks underperformed massively during 1992-93.

Anglo-American

Analysts reckon they need every hour of the four-and-a-half weeks left before the Anglo-American listing to crunch the numbers. The points for investors to focus on are mercifully simpler.

In the short term there may be a scramble for stock as the new Anglo looks bound to join the FTSE 100 index in late June. The shares are tightly held for an FTSE stock: over 50 per cent is owned by De Beers and the Oppenheimer interests. Yet the company will carry its full weighting in the index and no new shares are being issued.

More fundamentally, the argument for mining shares is that metal prices must be somewhere near the bottom of their cycle. And South Africans are rated well below their North American counterparts. But there are good reasons for a discount – at least in Anglo's case. The group's corporate structure remains very complex. Gold may well miss out on any metals boom, and increased use of derivatives means price rises do not necessarily translate straight into higher profits anyway. Although its platinum strength is a plus, the diamond market is rigged and opaque. And, even if South Africa surmounts its political and economic problems, recovery in the rand would squeeze Anglo's margins.

Buying of the old Anglo shares in Johannesburg has been voracious recently: the shares are 75 per cent above their year-end level. That is not the most obvious background to a bargain buy.

Holocaust compensation talks 'heading for crisis'

Jewish groups warn of need to break deadlock on insurance issues

By Avi Machlis in Jerusalem and John Authers in New York

Jewish organisations yesterday warned that the international commission set up last year to resolve Holocaust survivors' insurance claims will face a crisis if it cannot reach compromises on several issues *in London next month.*

The commission is in deadlock after four months of talks. Little progress has been made on issues including the valuation of policies, the allowance to be made for inflation and the problem of dealing with claims against companies nationalised by east European communist governments after the war.

Elan Steinberg, executive director of the New York-based World Jewish Congress, said: "The meeting on May 6 is a critical moment. At that point we will be able to see whether this experiment will work or not.

"Flesh and blood claimants will have to know that there's an independent process by which their claims can be fairly determined."

Chuck Quackenbush, California insurance commissioner, said he was optimistic progress would be made. "But if the commission begins to fall apart the companies will be left to the tender mercies of litigation and legislation in many states," he said.

However, Lawrence Eagleburger, the former US secretary of state who *chairs the commission,* hoped payments could start after the meeting.

He attacked the campaign by politicians in California for sanctions including revoking European insurers' licences to trade in the state. "If we don't start paying some claims pretty soon, I would be pretty critical," he said. "I would hope we can start the payment of claims shortly after the May meeting."

He singled out Tom Hayden, a Democratic state senator in California, for criticism, saying: "I am more than slightly irritated by what I consider to be pure political posturing. It irritates me most because I don't know of a better way to get these people paid."

The Eagleburger commission includes US and European insurance commissioners, Jewish groups, the government of Israel and five European insurers: Assicurazioni Generali of Italy, Allianz of Germany, Axa of France, and Winterthur and Zurich of Switzerland. Generali yesterday said it is committed to making progress towards a compromise.

Bobby Brown, commission delegate and adviser to the Israeli prime minister on diaspora affairs, praised Mr Eagleburger's determination to forge a compromise, but said the insurers had not budged after four months of talks.

He said a main sticking point had been deciding what method to use for valuing dormant policies.

Insurance groups say valuations should be based on a policy's original currency. *Jewish groups want to* convert policies into a stable currency and apply a compound rate of interest. A dormant policy valued by insurance companies at hundreds of current dollars, for example, could be worth nearly *$100,000 according* to the latter method.

Standard Chartered to take control of Indonesian bank

By Clay Harris in London and SK Zainuddin in Jakarta

Standard Chartered, the UK-based international bank, yesterday agreed to buy a controlling stake in Bank Bali, one of Indonesia's largest private sector banks.

Farid Harianto, deputy chairman of the Indonesian Bank Restructuring Agency (Ibra), described the Standard Chartered deal as a "landmark transaction". It is the first in which a foreign institution has taken control of an Indonesian bank.

The deal clears the way for Bank Bali to participate in a government-led bank recapitalisation programme expected to lay the foundations for recovery in Indonesia.

But Bank Niaga, one of the eight other banks that qualified for the rescue scheme last month, said it *had failed to come up with the* money needed to participate. Some others are also believed to have missed the midnight deadline.

Standard Chartered will initially buy a 20 per cent stake in Bank Bali with the intention of moving to 100 per cent ownership in five years. It will take full management control immediately.

It will invest Rp480bn ($56m) in Bank Bali to pay for its 20 per cent of the Rp2,400bn recapitalisation cost. It will be able to buy the rest by paying the government's share of the recapitalisation cost over five years. The price, but not the deal itself, is subject to due diligence.

Glenn Yusuf, Ibra chairman, said the deal would show potential investors "there are people out there who have confidence in the steps taken by the government and Bank Indonesia".

Analysts said, however, that Bank Bali's strong position in consumer banking made it more attractive than other Indonesian banks more *exposed to the corporate sector.*

Bank Bali has 115 branches and 170 mini-branches across Indonesia. It has a 2.7 per cent share of deposits, but accounts for 30 to 40 per cent of credit cards issued in the country. This makes it by far the largest Indonesian issuer, with a market share comparable to that of Citibank.

Rana Talwar, Standard Chartered's group chief executive, said the deal represented the bank's "faith in the underlying strengths of the Indonesian market and our faith that Ibra's recapitalisation programme will be successful".

Standard Chartered already has five branches in Indonesia. In recent years, it has phased out local names for its international banking operations, but Bank Bali's identity is likely to survive for a while. "If it's a really strong brand in Indonesia, we're in no hurry to change it," the bank said.

Standard Chartered beat GE Capital of the US in the final competition for Bank Bali. It is also believed to *be the leading contender to buy* Nakornthon Bank in Thailand.

Bank Bali was advised by J.P. Morgan. Standard Chartered by Warburg Dillon Read.

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Russian ultra-nationalists march by the Kremlin in Moscow to mark the anniversary of the birth of Vladimir Lenin, Bolshevik revolution leader

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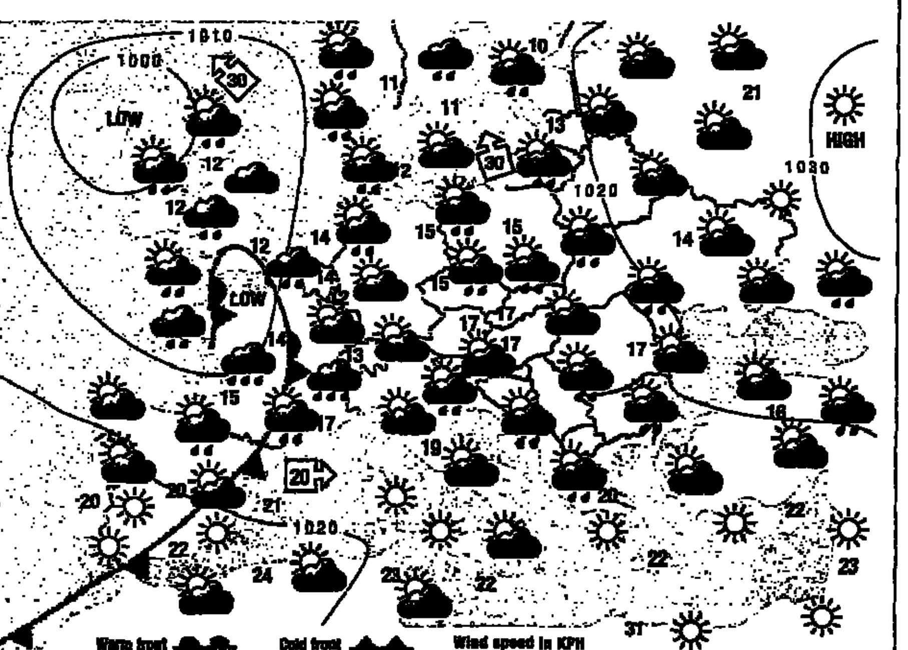
FT WEATHER GUIDE

Europe today

Most of France will be cloudy with rain, but the south-east corner will have sunny spells. Northern Spain will have showers, but farther *south it will be sunny. Showers will* develop over the Low Countries and northern Germany, while southern Germany and the Alps will stay dry. Eastern Europe will have sunshine and showers. The *eastern Mediterranean will be* sunny, but there will be cloud over the central Mediterranean, and showers over eastern Italy. Scandinavia will have sunny spells, but southern Norway and Finland *will have showers.*

Five-day forecast

North-western Europe will be mainly dry with sunny spells on Saturday. Central, eastern and south-eastern Europe will have showers and sunny spells. Northern Spain will have heavy showers, but the Iberian peninsular will be dry.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES (Maximum Celsius)

City	Weather	°C
Abu Dhabi	Sun	32
Accra	Cloudy	32
Algiers	Fair	24
Amsterdam	sh	14
Athens	Sun	20
Atlanta	Fair	31
B. Aires	Fair	27
B.ham	Rain	11
Bangkok	Thunder	35
Barcelona	Fair	21
Beijing	Fair	28
Belfast	Shower	11
Belgrade	Shower	18
Berlin	Shower	15
Bermuda	Fair	25
Bogota	Shower	20
Bombay	Fair	32
Brussels	Shower	14
Budapest	Fair	17
C.hagen	Shower	12
Cairo	Sun	26
Caracas	Fair	29
Cardiff	Rain	10
Casablanca	Fair	20
Chicago	Rain	8
Cologne	Shower	15
Dakar	Fair	25
Dallas	Sun	30
Delhi	Sun	35
Dubai	Sun	33
Dublin	Shower	12
Dubrovnik	Thunder	19
Edinburgh	Shower	12
Faro	Sun	21
Frankfurt	Fair	16
Geneva	Shower	13
Gibraltar	Sun	23
Glasgow	Shower	12
Hamburg	Shower	15
Helsinki	Rain	10
Hong Kong	Shower	28
Honolulu	Sun	29
Istanbul	Fair	20
Jakarta	Fair	32
Jersey	Rain	11
Johannesburg	Fair	24
Karachi	Sun	35
Kuwait	Sun	38
L. Angeles	Fair	18
Las Palmas	Fair	23
Lima	Sun	25
Lisbon	Fair	20
London	Rain	12
Luxbourg	Shower	12
Lyon	Shower	15
Madeira	Fair	21
Madrid	Fair	20
Majorca	Sun	21
Malta	Fair	22
Manchester	Rain	12
Manila	Fair	32
Melbourne	Fair	20
Mexico City	Fair	31
Miami	Sun	31
Milan	Fair	19
Montreal	Fair	11
Moscow	Sun	21
Munich	Fair	17
Nairobi	Cloudy	28
Naples	Fair	20
Nassau	Fair	29
New York	Shower	23
Nice	Fair	17
Nicosia	Sun	22
Oslo	Shower	11
Paris	Rain	14
Perth	Fair	22
Prague	Shower	15
Rangoon	Fair	35
Reykjavik	Fair	7
Rio	Shower	27
Rome	Fair	19
S. Frsco	Sun	21
Seoul	Fair	23
Singapore	Thunder	31
Stockholm	Shower	11
Strasbourg	Shower	15
Sydney	Shower	18
Tangier	Fair	21
Tel Aviv	Sun	23
Tokyo	Rain	18
Toronto	Shower	9
Vancouver	Fair	19
Venice	Shower	18
Vienna	Fair	17
Warsaw	Shower	15
Washington	Shower	28
Wellington	Fair	15
Winnipeg	Sun	11
Zurich	Fair	15

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FINANCIAL TIMES
COMPANIES & MARKETS

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INSIDE

Russian lawyers fight graft

Modern Russia is fighting a tidal wave of corruption and crime. Many may be tempted to despair, but the Moscow Club of Lawyers, a "communal kitchen" for Russia's leading advocates, has decided to attack the attitudes that make corruption acceptable. Page 24

Strauss-Kahn fails to lift euro

Supportive comments from Dominique Strauss-Kahn, France's finance minister (left), failed to save the euro from another lifetime low as the market continued to brood over the crisis in Kosovo. An overnight rally on the back of his suggestion that the currency was nearing the lower end of its reasonable range, soon succumbed to heavy selling in the London session. Page 27

Japan catches merger wave

Japan has often found itself lagging global trends in industrial restructuring. But the news that British Telecommunications and AT&T are likely to take a joint 30 per cent stake in Japan Telecom has sent a clear signal that the wave of mergers and acquisitions sweeping the world has finally reached Japanese shores. Page 21

Change rumbles through Usinor

Size counts at Fos-sur-Mer, Usinor's sprawling steel complex near Marseilles in southern France. The French company produced 16.4m tonnes of steel in 1998. But even giants need to adapt and Usinor's international expansion is having knock-on effects for Fos. Page 28

Hungary tests demand for IT stock

Synergon Information Systems will be the first information technology company to be listed on the Hungarian stock exchange when its initial public offering is priced today. The IPO is seen as a test of investor demand for technology stocks from central Europe, where the sector is fragmented but developing fast. Page 26

Riva charts course to revival

Riva motorboats, particularly the sleek wooden Aquarama, retain a following among the wealthy and discerning in San Tropez and Monte Carlo. While the boat's reputation endures, the Italian company that builds them has, until recently, struggled to stay afloat, crippled by high costs and outdated production processes. Page 24

Trials mount for Bangladesh

Bangladeshi stock markets, which crashed in 1996 after a trading scandal, have lost about 10 per cent in three months. Many brokers on trial in connection with the 1996 collapse are accused of again engaging in syndicate trading to weaken markets and pressure the government to withdraw cases against them. Page 38

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MARKET STATISTICS

High-tech stocks return to favour

IBM results power sector's recovery on Wall Street

By Louise Kehoe in San Francisco

High-technology stocks roared back into favour on Wall Street yesterday.

After a brief sell-off, raising questions about whether the primary drivers of the bull market were running out of steam, the tech sector recovery was powered by a strong rebound by International Business Machines.

IBM's first-quarter results, reported after the close of trading on Wednesday, were nearly 10 per cent above analysts' expectations.

The computer group reported earnings of \$1.47bn, or \$1.55 a share, for the quarter ended March 31, compared with \$1.08bn, or \$1.06 a share, a year ago. IBM's first-quarter revenue rose 15 per cent to \$20.32bn, about \$1bn above forecasts.

Combined with strong results from Microsoft and Intel, the IBM figures offset investors' concerns over an earnings shortfall from Compaq Computer, the leading manufacturer of personal computers.

IBM shares shot up \$21$\frac{5}{16}$, or 13 per cent, in early New York trading, reaching \$195$\frac{1}{4}$ at mid session. Intel was up 4.5 per cent, or \$2$\frac{3}{4}$, at \$61$\frac{1}{16}$. Microsoft gained 2.5 per cent, or \$2$\frac{1}{16}$, to \$84$\frac{1}{16}$.

Internet stocks continued to rebound after a sharp sell-off on Monday. Yahoo!, Amazon and Excite rose, while Lycos, which had gained nearly 30 per cent on Wednesday, eased on profit-taking.

The message from IBM and Intel was that electronic commerce was not confined to the consumer-oriented activity that has grabbed so much attention over the past year.

Results from both companies suggested that business to business e-commerce may be an even bigger trend.

IBM expects to sell \$10bn-\$15bn worth of goods and services via the internet this year. Similarly, Intel anticipates a large proportion of its sales, also \$10bn-\$15bn, to be sold via the internet in 1999.

Craig Barrett, Intel chief executive, said the latest forecasts for the growth of e-commerce, which point toward total revenues of about \$800bn by 2002, probably underestimate the trend.

With companies such as Hewlett-Packard, the second largest US computer group, shifting procurement of everything from office paper products to semiconductor components to the internet, the volume of e-business is growing rapidly.

Meanwhile, consumer use of the internet continues to grow quickly. Sean Maloney, senior vice president of sales and marketing at Intel, said Europe was the biggest opportunity for internet business, where there had been a surge in internet investments.

Ironically, the growth of e-commerce also explains, to some extent, the decline in Compaq's earnings. In contrast to its biggest competitors in the PC market, Compaq has been slow to adapt to selling direct to users via the internet. Direct sales had overtaken traditional retail and reseller distribution channels in the US PC market, said Mr Maloney.

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US options upheaval as Amex pulls out of merger

John Labate in New York and Edward Luce in London

The American Stock Exchange is to cancel a planned merger with the Philadelphia Stock Exchange in the latest upheaval to hit the US options industry.

The Philadelphia exchange, the fourth largest options exchange in the US, was seen as a key addition to the Amex's ability to compete in an increasingly technology-based industry.

The failed merger comes shortly after the Chicago Board Options Exchange, the largest options market in the US, cancelled its proposed tie-up with the Pacific Stock Exchange, the smallest in the US.

The US options industry has been in a state of flux for several months owing to the impact of new electronic trading technology and to a number of legal inquiries into possible collusion between exchanges.

About 60 per cent of US equity options are "grandfathered", which means they are only listed on one exchange.

This has led to threats of class action against exchanges and criticisms about the wide spreads between bid and offer prices on the floor – an indication of poor liquidity.

The Chicago Exchange, which is upgrading its electronic capabilities, called off its merger with Pacific Exchange after the US Justice Department requested an unusually large number of details about the tie-up.

However, insiders said it needed to divert capital into its new electronic facilities to compete with an all-electronic exchange called the International Securities Exchange, which is due to be launched next year.

The ISE plans to compete directly with the established exchanges.

The planned merger between Amex and Philadelphia began to unravel earlier in the month when the board of the American Stock Exchange sent a letter to the Philadelphia Exchange expressing concerns that the tie-up, first announced nine months ago, was no longer viable.

Amex was recently acquired by the Nasdaq stock market.

McDonald's shrugs off global crises to post 12% profits rise

By Andrew Edgecliffe-Johnson in New York

McDonald's, the world's largest burger restaurant chain, shrugged off the worst of the economic crises in Brazil, Russia and Asia to report a 12 per cent increase in net profits for the first quarter of the year.

Jak Greenberg, chief executive, said: "One of the things we find gratifying is that compared with some other global consumer brands we are doing better than expected [in emerging markets]."

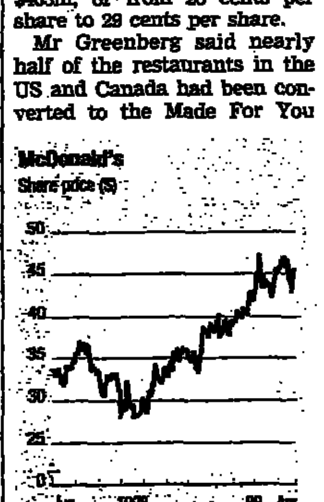
He attributed this to McDonald's relations with local franchisees and its habit of buying raw materials locally, saying: "We are highly decentralised and our local supply infrastructure gives us a lot of protection."

Customer visits to McDonald's restaurants in Brazil increased when the group raised prices by less than the rate at which the local currency had devalued, he said. The impact on profit margins was shown in an 18 per cent decrease in reported Latin American profits, compared with a 2 per cent improvement at constant rates of exchange.

Mr Greenberg said turbulent economic conditions had not changed McDonald's plans to expand in emerging markets. It opened 199 restaurants in Brazil last year, bringing the total to 681. By comparison expansion in the US slowed, with just 49 restaurants being added to the 12,500-strong domestic chain.

Total group revenues increased 8 per cent in the period, and net income advanced from \$362m to \$403m, or from 26 cents per share to 29 cents per share.

Mr Greenberg said nearly half of the restaurants in the US and Canada had been converted to the Made For You



cooking system, under which each burger is assembled to order. The system cut each restaurant's operating costs by about 1 per cent by reducing food and paper waste, he said.

The system would be limited to the US and Canada because: "There is a trend in North America where people want things customised and I don't think that trend is the same elsewhere."

He gave no details of same-store sales growth, but analysts said this had not been as strong as the 10 per cent increase reported by Wendy's for the first quarter.

Operating income increased by 14 per cent in the US and 9 per cent internationally. Excluding Brazil and Russia, international profits would have been up 14 per cent.

Mr Greenberg said McDonald's would continue to look for "experimental" acquisitions such as its purchase of Aroma, a small UK chain of coffee shops.

Ericsson, Nokia results mixed

Differing fortunes reflect sales of mobile handsets

By Nicholas George in Stockholm

Ericsson of Sweden and Finland's Nokia yesterday reported contrasting fortunes in their battle for supremacy with Motorola in the global mobile telephone market.

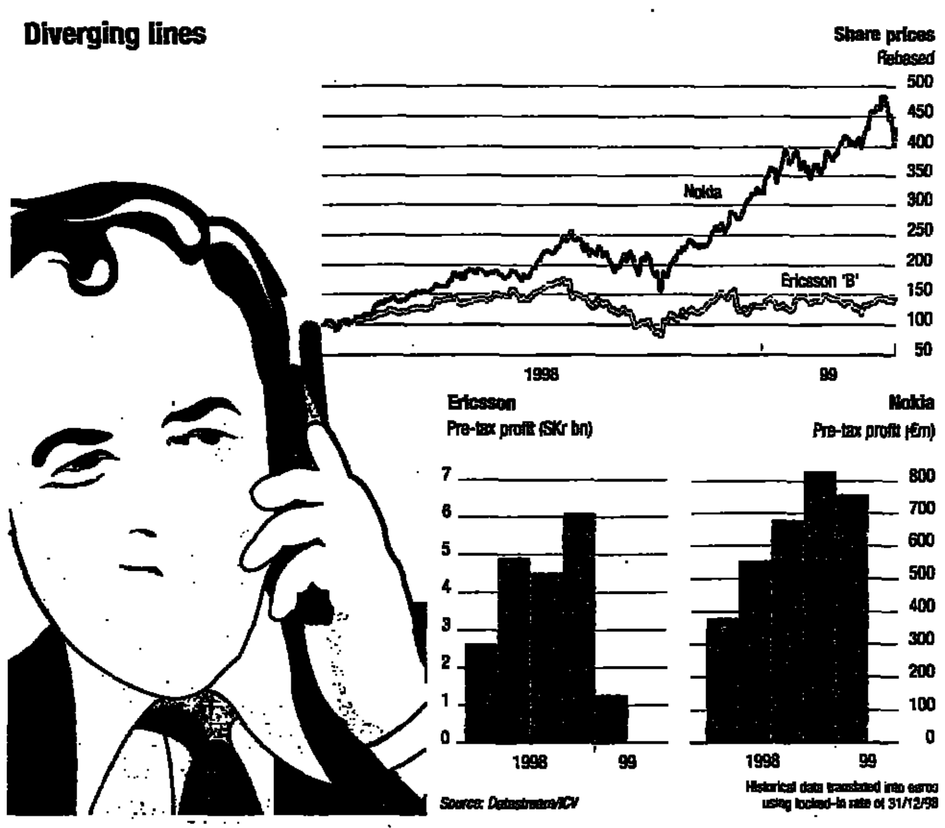
Nokia reported a near doubling of pre-tax profits in the first quarter to €758m (\$811m), up from €387m, and predicted sales growth of 25-35 per cent this year. Ericsson, however, posted a profits plunge of more than 50 per cent, to SKr1.3bn (\$155.3m) from SKr2.64bn. It extended a previous profits warning to cover the whole of 1999.

Nokia shares rose €6.90 to €77.15 in Helsinki. In Stockholm, Ericsson shares fell SKr4 to SKr207.50.

The chief difference in the two companies' performances was in mobile handsets, where Nokia posted a 276 per cent leap in operating profits to €616m in the first quarter.

In the early 1990s, some analysts warned that handsets would become undermine margins as the market fragmented and low-cost Asian producers cornered the market. They predicted the real money would be made in infrastructure systems.

But Motorola, Nokia and Ericsson have remained ahead of their competitors in handsets. Nokia in particular has been able to continue to serve all segments, especially the top end of the market, where margins are highest.



Ericsson has argued that direct comparisons with Nokia are unfair. Unlike its Finnish rival, handsets represent only a fraction of its sales compared with mobile and fixed infrastructure equipment.

The Swedish group is also pinning its hopes on telephone operators buying its systems to upgrade networks to handle rising data traffic via the internet. But the company's record of small acquisitions of internet equipment and service providers has been criticised as too little, too late.

Ericsson also continues to be distracted by the overhaul needed in its traditional fixed-line business, suffering from price competition and weakness in emerging markets.

Meanwhile, Nokia is still reaping the benefits of new products, while Ericsson is only just beginning to roll out its new range of handsets.

"Mobile handsets are a nightmare for Ericsson and it is going badly wrong," said Angela Dean, analyst with Merrill Lynch. "Basically, they have an inferior product."

In the first quarter, Nokia group sales grew to €3.87bn compared with €2.50bn last time. Its mobile phones division saw sales rise 92 per cent. At Ericsson, group sales rose to SKr41.57bn from SKr38.36bn. Its consumer products division, mainly mobile handsets, saw sales fall 12 per cent.

Nokia's operating margins rose to 19.8 per cent from 15.6 per cent; Ericsson's margins fell to 4.3 per cent from 7.5 per cent.

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Strong demand greets Brazil's \$2bn bond offer

By Khozem Merchant

Brazil's financial rehabilitation took another significant turn yesterday when its first bond offering in more than a year drew a strong response from investors.

The five-year \$2bn offering was heavily oversubscribed, a measure of the turnround in investor sentiment towards Latin America's biggest economy since the Real's devaluation three months ago.

Yesterday's offering, at the low end of expectations in terms of volume, was priced to yield 675 basis points over US treasury bonds. This spread over treasuries was at the tight end of market expectations and described by one banker as "very satisfactory".

It marks a big rally since mid-January, when the spread on 30-year Brazilian debt had widened to more than 1,000 basis points in the wake of the Brazilian devaluation.

Bankers said the bond attracted bids totalling \$6.1bn. The demand from European investors was particularly strong, with 147 separate accounts bidding for a share of the issue. Bankers described this is as a phenomenal response.

The issue has provoked huge interest in international markets because it was seen as a barometer of sentiment towards emerging markets.

This week Chile launched its first international bond in more than a decade, and yesterday Mahathir Mohamad, Malaysia's prime minister, said the country, which has spurned assistance from international multilateral lending agencies following the Asian crisis, might launch a \$2bn bond to underline its rehabilitation.

"The whole point of the Brazilian bond is to get Brazil back into the market and, equally important, to pave the way for Brazilian corporates to be able to refinance their outstanding bonds," said an official at Salomon Smith Barney, joint lead managers with Morgan Stanley Dean Witter.

BNDES, Brazil's main development bank, took that lead when it emerged that the bank would be launching an international bond whose main feature would be a corporate debt exchange programme.

Goldman Sachs is expected to lead manage the BNDES bond, which will be launched next week. BNDES hopes to persuade foreign investors to swap their holdings of Brazilian corporate debt for new bonds issued in the name of BNDES.

Brazil's standing in the eyes of foreign investors has risen following the appointment of a new central bank president. One-year domestic interest rates have come down, the Real has stabilised and fixed income flows have reversed from an outflow of \$800m in February to an inflow of \$1bn in March, says J.P. Morgan.

"No doubt, the appointment of a new central bank president in March [Arminio Fraga] has re-energised the situation," said Jose Luis-Daza, an emerging market analyst with J. P. Morgan in New York.

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DEUTSCHE TELEKOM AND TELECOM ITALIA: THE GROUPS MAY BE KEEN TO JOIN FORCES BUT SUCCESS DEPENDS ON APPROVAL OF SHAREHOLDERS AND THE EUROPEAN COMMISSION

Merger hopes focus on Italian government

By James Blitz in Rome and Mike Smith in Luxembourg

Mergers often face hurdles, but the obstacles ahead of Deutsche Telekom and Telecom Italia look more daunting than most.

The most serious is the uncertainty over whether it will get backing from the Italian government.

There is also the question of how the European Commission regulators will view the deal. Karel van Miert, European Competition Commissioner, has already predicted it would come under close scrutiny. And then there are the shareholders and the markets.

Some Italian officials made clear yesterday that the government would not resort to its golden share in Telecom Italia to block the deal. Others seemed less sure, pointing to divisions in the Italian establishment over how to respond to the agreed merger. The golden share, agreed at the time of Telecom Italia's privatisation at the end of 1997, means the government may veto any development involving the company.

The statement agreed by Telecom Italia and Deutsche Telekom in London reaffirms this point, making clear that a principal condition of the merger is that it must get the "necessary authorisation" from the Italian government. Last night this was far from certain.

The main point at issue for both Massimo D'Alema, Italy's prime minister, and Carlo Azeglio Ciampi, treasury minister, is that the German finance ministry failed to make a commitment this week to sell its remaining 72 per cent stake in Deutsche Telekom.

The German finance ministry said in a letter to the Italian Treasury that it would not waive its voting rights in Deutsche Telekom but would puruse its existing policy of non-involvement in the company's operations.

The Italian Treasury is concerned that the deal would amount to a German renationalisation of a group that was privatised two years ago. "That would be very hard for Italian public opinion to accept and we need to get further progress on that," said a leading Treasury official.

Another Treasury official said there was "a certain irritation" in Rome that the German finance ministry appeared on Wednesday to have leaked the letter setting out its determination not to waive its voting rights in Deutsche Telekom. The implication was that the Germans have put all the pressure on the Italians to be the ones who make or break the merger."

On the regulatory question, there was one positive sign yesterday. Martin Bangeman, European Union commissioner over-seeing telecommunications, indicated that he did not believe competition obstacles would block the merger. "If you see the market as a global market then some of the problems that might arise for other companies might be less important. Overall we cannot say that such a company [the result of a Deutsche Telekom-Telecom Italia merger] is quite impossible," he said at a meeting of EU telecoms ministers.

However, he said there was a role for individual conditions, echoing the widespread belief that a commission inquiry would result in requirements to shed subsidiaries or withdraw from alliances.

A connection promising some large numbers

By Alan Cane

They may describe it as a merger of equals for political reasons, but Deutsche Telekom is acquiring Telecom Italia.

Yesterday Franco Bernabe, Telecom Italia chief executive, and Ron Sommer, his counterpart at Deutsche Telekom, worked hard to justify an alliance which had seemed to have little industrial logic: "What is in it for Deutche Telekom?" one puzzled telecoms analyst asked.

Mr Bernabe argued that the new group would have unrivalled scale and scope, with a presence in 26 countries over three continents capable of reaching over one billion potential subscribers.

Mr Sommer emphasised the need for an innovator in European telecoms capable of taking on the big US operators: "We have missed out on Silicon Valley in Europe. We do not want to miss out on Telecom Valley," he said.

But another analyst said: "The vision is grand, but the reality seems a little thin in terms of real synergies."

Mr Sommer and Mr Bernabe said they were expecting synergies of €600m ($636m) by 2000, growing to over €1bn by 2003, split equally between revenues and operating costs. They also anticipate capital expenditure savings of over €1bn over five years. Analysts pointed out however that – with the exception of the huge purchasing potential such a group would have and the undoubted success of mobile telephony throughout Europe – the proposed sources of these synergies (global branding and market presence, accelerated development and provision of next generation services and efficiency gains) hardly required the world's largest merger to be realised.

The deal, which will produce Europe's largest telecommunications operator with a market capitalisation of €172.8bn, has been structured in such a way as to sidestep regulations which restrict the German group's ability to issue new shares.

A new German public company will be formed to absorb the assets of both partners. As yet unnamed, it will have neither "Deutsche" nor "Italia" in its title. It will be led jointly by Mr Bernabe and Mr Sommer – a fact that has already raised questions over the two men's ability to work easily with each other. But at yesterday's news conference, both were at pains to show the unified front. Mr Bernabe even quipped: "We make a duet."

It is easy to see why Mr Bernabe may feel at ease: the benefits to Telecom Italia seem clear. The all-paper terms of the merger give its shareholders a slightly better deal than Olivetti's hostile offer which comprises cash, stock and bonds. In Deutsche Telekom, moreover, it has a credible international ally to help it compete in Europe's rapidly liberalising markets. Critics argue, however, that both might fare better in international services with a US or Asian partner.

The new company will have headquarters in Bonn and Rome. It will be governed by a 20-member supervisory board of 10 directors appointed by the shareholders and 10 appointed by staff and unions in the group.

If all required approvals and consents are acquired, the two companies expect to complete the deal by the fourth quarter of this year. Unless that is, other obstacles get in the way first.

Olivetti set for hostile bid

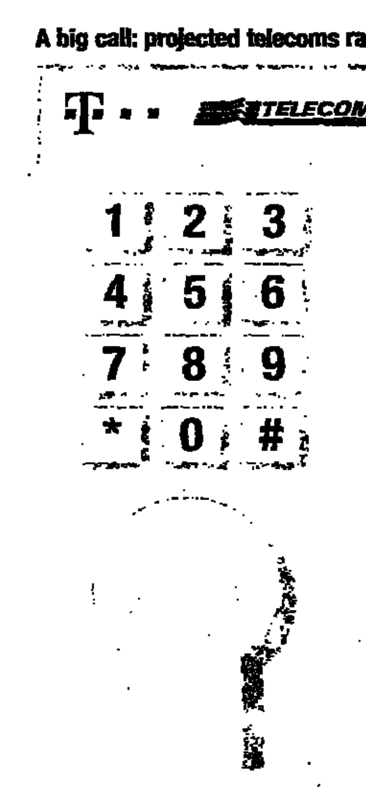
Olivetti's formal €60.4bn ($64.1bn) - but hostile - bid for Telecom Italia was cleared last night after Consob, the Italian stock market regulator, approved the bid prospectus, writes **Paul Betts in Milan.**

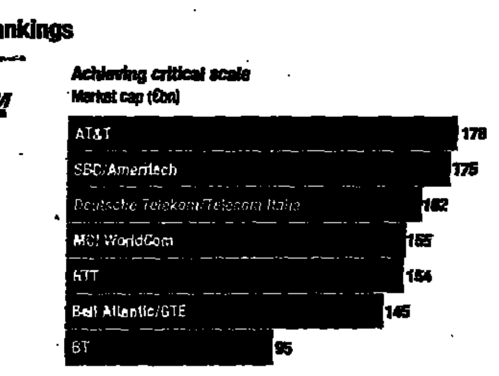
Approval of Olivetti's bid prospectus by Consob has lifted the last hurdle for Telecom Italia's smaller predator to place its offer in the market.

The offer period is expected to start formally on April 30 after the market has had a chance to digest the 150 page prospectus for the statutory period of five working days. Olivetti is offering €11.50 a share in cash, bonds and equity for all outstanding Telecom Italia common voting stock compared with €12 in the Telecom Italia/Deutsche Telekom share swap plan.

Olivetti had to secure Consob approval by last night to meet the deadline set by Consob when Olivetti first announced at the end of February its intention to bid for the privatised Italian group.

A big call: projected telecoms rankings





Strength in numbers

1998 Dec year end	Telecom Italia	Deutsche Telekom	Combined
Revenues (€bn)	22.5	35.7	58.2
EBITDA (€bn)	11.8	17.4	29.2
Net income (€bn)	2.0	2.2	4.2
Market value (€bn)	63.0	99.0	162.0
Net debt (€bn)	8.1	33.5	41.6
Employees ('000)	125	179	304
Equity access lines (m)	29.8	48.2	78.1
Equity mobile subscribers (m)	16.0	7.2	23.2
ISDN channels (m)	1.8	16.1	11.9
Internet subscribers (m)	0.4	2.7	3.1
Minutes of outgoing traffic (m)	2,352	5,333	7,685

Source: companies

Shareholders decry lack of clear detail

By Vincent Boland

Telecom Italia's shareholders, who have the best seats in the house as the grand opera surrounding their company unfolds, appear sceptical about its second act.

Telecom Italia's shares fell 0.7 per cent yesterday to €9.84, while Deutsche Telekom, which has fallen sharply since the proposed merger with its Italian counterpart was first unveiled, tumbled another 2.1 per cent to €35.30.

The only beneficiary was Olivetti, whose hostile bid led to this week's transalpine agreement, which gained 2.5 per cent to €3.07.

The price falls have pushed the value of the proposed all-paper merger down to €11.77 for holders of Telecom Italia common shares. That is within a whisker of Olivetti's cash/debt/paper offer – approved by Italian regulators yesterday and expected to be formally launched late next week – of €11.50, and left shareholders with plenty to think about.

Franco Bernabe and Ron Sommer, respectively chief executives of Telecom Italia and Deutsche Telekom, referred several times to the importance of enhancing shareholder value. They said the merger would lead to synergies of over €1bn ($1.06bn) by 2003 and capital expenditure savings of more than €1bn over five years.

But they ducked issues of job cuts and the potential for rationalisation, insisting the merger would be creative rather than destructive. That lack of detail, and doubts about whether the merger would be acceptable from the regulatory and political points of view, left many questions unanswered.

"There are considerable doubts about whether the merger will go ahead and to what extent they will engage in cost-cutting," said Dino Fuschillo, head of European equities at SG Asset Management, a Telecom Italia shareholder.

Graham Wood, head of UK and European investment at Standard Life Investments, said: "There are a number of regulatory and cost issues that have been skated over."

Those views were echoed by other shareholders, with many saying they believed there was more value to be gained from keeping Telecom Italia and Deutsche Telekom as separate companies pursuing separate restructuring and acquisition policies.

"I don't dispute that we need to convince the market" of the benefits of a merger of the two companies, said a banker advising on the merger.

However, as many Telecom Italia shareholders admitted, they had spurned the chance to back a big shake-up of Telecom Italia presented by Mr Bernabe. They failed to turn out at an extraordinary general meeting two weeks ago to support it, leading a clearly shocked Telecom Italia to turn to its German white knight.

Mr Bernabe will rely on those same shareholders to approve the merger. How he must envy Mr Sommer, for whom securing shareholder support is much simpler. The Federal Republic and the KfW development bank jointly own 72 per cent of Deutsche Telekom and are almost certain to approve a proposal that has the backing of the company's board.

Deutsche Telekom and Telecom Italia are to begin roadshows next week to see big shareholders and convince doubters. Olivetti's prospectus for its rival offer will also be available next week, giving shareholders concrete details of its plans for Telecom Italia.

Philips eyes US standards

By Gordon Cramb in Amsterdam

Philips yesterday produced a quarterly earnings statement which for the first time in years was free of extraordinary items, as the Dutch electronics group moved towards US accounting standards.

Jan Hommen, chief financial officer, said this step in part reflected its large base of US shareholders and the use of generally accepted US accounting principles (Gaap) as a benchmark in the international capital markets. But the shift was also intended to facilitate the admission of Philips shares to world equity indices.

"Global indices are becoming more important, and we want Philips to be included. The chances if we use US Gaap increase," said Mr Hommen.

Philips is seeking to expand its US presence through a consumer advertising campaign this year and a $777m bid launched in February for VLSI Technology, a maker of specialist chips.

After declaring that offer hostile, VLSI this month allowed Philips to examine its books, in a standstill agreement which runs to May 9. Mr Hommen said yesterday that the inspection had been carried out and the rest "depends on VLSI".

He announced first-quarter net profits for Philips which were better than expected at €489m ($502m). He said earnings from continuing operations were €326m.

This was marginally ahead of the adjusted €321m for the same three months of 1998, although the bottom line a year ago was higher at €708m.

That figure included an extraordinary gain on the sale of its car radios business, while the latest quarter benefited more modestly from disposals at its components division. The switch to US Gaap produced a €54m positive effect, as a result of a differing treatment on its in-house software spending and an end to the practice of spreading annual bills – such as for advertising – across the year.

Quarterly sales at €6.84bn were 3 per cent down, but adjusted for disposals and exchange rate effects they showed a 2 per cent rise. Volume growth slowed to 10 per cent from 19 per cent a year earlier.

In its core consumer products business, Philips achieved operating profits of €73m. In January-March 1998 the division showed a €43m loss.

The improvement resulted mainly from ending its mobile phones venture last year with Lucent of the US.

Shares in Philips rose 4.5 per cent to €83.40.

Wait for Gucci bid ruling

By Alice Rawsthorn in London and Barbara Smit in Amsterdam

Gucci and LVMH, the warring luxury goods groups, will have to wait until Tuesday for a Dutch court to decide whether to impose temporary sanctions in a critical legal case that could determine the course of their $8.7bn bid battle.

On Tuesday, the court will also confirm the date when it will deliver a verdict on LVMH's call for a formal investigation of the Gucci board's handling of a recent $2.9bn issue of a 40 per cent stake to Pinault-Printemps-Redoute (PPR), the French retail group.

LVMH, which paid $1.4bn for 34.4 per cent of Gucci now diluted to 19.6 per cent by the PPR issue, is also challenging the legality of an earlier issue of 20m shares to Gucci's employees.

The temporary sanctions due to be ruled on include whether to freeze the voting rights on the employees' shares and if an interim restriction on PPR's right to appoint nominee directors is to be continued.

Josephus Jitta, representing LVMH, told the commercial chamber of the Amsterdam Court of Appeal that, if it wins, the French group will proceed with its $85-a-share offer valuing Gucci (including its $3bn-plus cash) at $8.7bn regardless of whether Domenico De Sole, Gucci's president, and Tom Ford, creative director, remain.

Mr De Sole has vowed to quit if LVMH wins control. Mr Ford has not yet voiced his intentions.

Peter Wakkie, Gucci's lawyer, said: "LVMH's strategy has been to take a minority stake, battle its opponents through the courts and haul in the prize," he said. "Basically, it's now time for LVMH to put up or shut up."

LVMH's shares rose by €7 to €245 in Paris yesterday, while Gucci's fell by €1.30 to €72.45 in Amsterdam.

BNP warned over timing

By George Graham and Clay Harris

France's stock market regulators warned yesterday that they would probably require Banque Nationale de Paris's twin offers for Société Générale and Paribas to end on the same day.

In an announcement intended to calm market speculation over the timetable for the double bids, which have disrupted an earlier agreed merger between SG and Paribas, the Conseil des Marchés Financiers said the closing date for the offers would be delayed until eight days after the Paris court had ruled on a suit brought by the two banks against BNP's offers.

The council warned that it could not fix the timetable definitively until the court's judgment, which would be no earlier than June. But it reminded the markets of its general principle that both of BNP's bids as well as SG's bid for Paribas should end on the same day.

SG employees went on strike yesterday and marched in front of BNP's headquarters to protest against the bid. A study by the French banks association published yesterday warned that a "brutal" merger between two large retail banks could result in an 18 per cent cut in jobs, though employment in the banks would be likely to fall by 5 per cent even without a merger.

Regulators have become increasingly irritated by the attempts on both sides to use the bid timetable and other procedural issues as weapons in the takeover battle.

"The council reminds the parties they must accept with fairness the principle of free competition between bids, while respecting the transparency and integrity of the market," it said.

Gecina and Sefimeg to merge

By David Owen in Paris

Two French property companies, Gecina and Sefimeg, yesterday announced their intention to merge to create the biggest quoted French property group and the 10th biggest in Europe.

The merger would produce an entity with 1.8m sq m of rental space, located largely in the Paris region, and FFr1.5bn (€228m, $242m) of rental income. About one-third of these revenues will come from office space and two-thirds from residential.

The value of the property in the combined group is put at FFr22.6bn.

Under the merger, which was approved by the boards of the two companies on Wednesday, Sefimeg shareholders would receive eight Gecina shares for 13 of Sefimeg. Savings are estimated at FFr25m.

Gecina is owned 33.9 per cent by the AGF insurance company and 25 per cent by Azur, another insurer, with 41.1 per cent floated. Sefimeg is more than 60 per cent owned by Artémis, the personal holding company of François Pinault, the French businessman battling for control of Gucci, the Italian fashion house.

After the merger, AGF will hold 24.7 per cent of the capital, Azur 18.2 per cent and Artémis 6.5 per cent.

NEWS DIGEST

BANKING

Bank Austria sees 28% drop in income

Bank Austria, the country's biggest bank, yesterday reported a 28 per cent drop in 1998 net income to Sch3.7bn (€268m, $280m) with profits from the sale of stakes in various Austrian companies cushioning the impact of Sch6.2bn of extra provisions on its Russian and south-east Asian business.

After adjusting for the effects of a Sch3bn restructuring charge in 1997, net income fell over 50 per cent in 1998. Although operating profits rose 2 per cent, to Sch13.6bn, a near doubling in provisions, to Sch11.2bn, would probably have led to a 1998 loss had it not been for the profits on the sale of stakes in companies such as Steyr Daimler Puch and CA-Versicherung.

Bank Austria, which is one of the biggest lenders to eastern Europe, had already released details of its Sch5bn Russian provisions but had not disclosed the impact on its net income which was at the lower end of analysts' expectations. Gerhard Randa, the chief executive, said he was "totally unhappy" about the Russian provisions, but added: "Russia is behind us now. It's history."

Bank Austria's over-exposure to Russia has dented its ambition to carve out a niche as a leading regional bank in Central and eastern Europe. However, its supervisory board moved to squash speculation over Mr Randa's future by renewing his contract for a further five years. Mr Randa stressed yesterday that the group would achieve its target of earning Sch60 a share by 2,001.
William Hall, Vienna

SPAIN

BBV sees jump in profits

Banco Bilbao Vizcaya, Spain's second largest bank, lifted its attributable group profits year-on-year by 25.1 per cent to Pta38.9bn (€231m, $244m) at the first-quarter stage despite lowered income from its Latin American units. Luis Bastida, chief financial officer, said BBV would pursue a policy of containment in Latin America, and would focus on raising liquidity levels, improving credit quality, and tightening management supervision.

BBV's investment burden in Latin America was eased by its buoyant balance sheet in Spain and by increased margins in its core Spanish banking business. Domestic earnings, higher than expected, were fuelled by strong growth in consumer credit, in loans to small and medium companies and in pension and mutual funds.

The bank expects its 1999 income to be in line with its first-quarter results. This would imply a repetition of its performance last year when it also lifted its net attributable group profit by 25.1 per cent. The group's net interest income in Spain was up by 4.1 per cent to Pta97bn and its operating profits increased by 18.6 per cent year-on-year to Pta62.2bn. Tom Burns, Madrid

SWITZERLAND

UBS praise for WDR

UBS, the Swiss bank, yesterday gave Warburg Dillon Read, its investment banking division, credit for a "substantial contribution" to a first-quarter net profit of SFr1.62bn ($1.06bn) after tax and minorities. It said the result, which would be fleshed out with full quarterly figures on May 27, was 21 per cent ahead of the same period in 1998. Clay Harris

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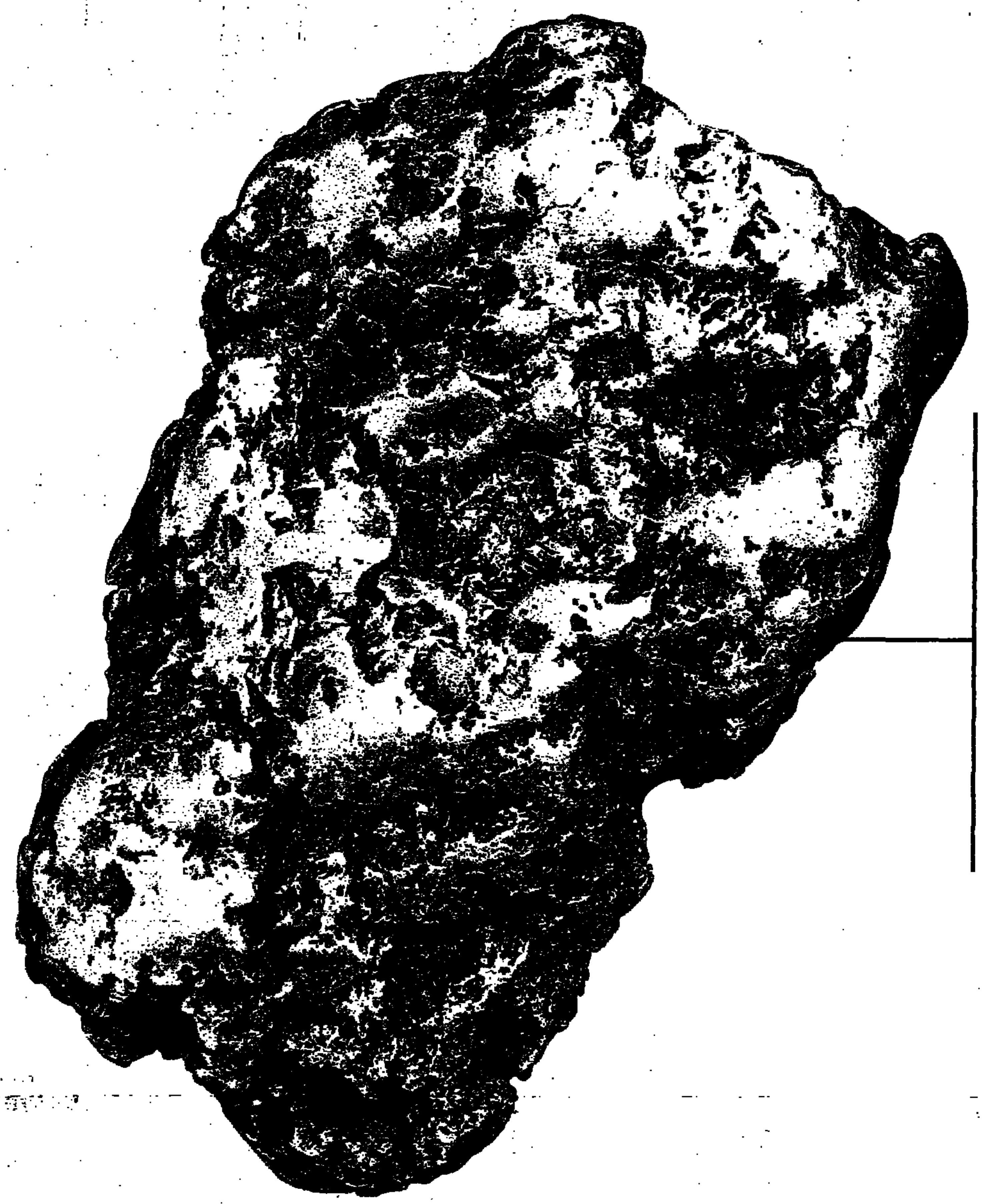

Platinum from the Bushveld complex in South Africa, produced by geological change over 2 billion years ago.

By comparison, we're changing rather rapidly.

Anglo American is changing. And by the timescale of the natural resources industry, we're changing fast.

During the past 18 months we've developed proposals to create a new company with a new structure and Board, new London headquarters and a primary listing on the London Stock Exchange.

This was the outcome of a far-reaching strategic review which has simplified our structure into focussed divisions to enable a more rigorous management of the Group's assets.

So far we've carried out more than 30 major transactions and the restructuring continues.

These moves show that we're not simply changing our name and address. We're creating a new international mining and natural resources group with a single-minded objective: to enhance shareholder value through a combination of real earnings and asset value growth.

Our strategic review is ongoing. The forces of nature may take their time, but we're in slightly more of a hurry to get results.

Anglo American plc, 30 Ely Place, London EC1N 6QP.

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ANGLO AMERICAN

NEWS DIGEST

UTILITIES

Vivendi receives five offers for advertising arm

Vivendi, the French utilities group, is believed to have received five offers for its outdoor advertising group, which is expected to fetch about FFr5bn (€762m, $823m). Vivendi is expected to announce a buyer on Monday. One person close to the bidding said JC Decaux of France and Outdoor Systems International of the US were favourites to win the business. It is understood that bids were also made yesterday afternoon by CBS, the US network which owns TDI, Clear Channel, the US radio and advertising company, and Texas Pacific, the US venture capital group.

The division, Havas Outdoor Advertising, is the largest billboard advertising company in Europe and the third largest in the outdoor segment, which includes bus shelter and transit advertising.

One source close to the negotiations said several potential buyers had been concerned during due diligence by whether Havas's computer systems were "Y2K compliant", or ready to handle dates in the next millennium.
Andrew Edgecliffe-Johnson, New York

INVESTMENT BANKING

JP Morgan outsources to BoNY

J.P. Morgan, the US investment bank, has outsourced all of its securities portfolio accounting to Bank of New York in the largest ever deal of its kind in the global custody business. BoNY is understood to have beaten competition for Morgan's $321bn portfolio from Chase Manhattan.

The bank had bought Morgan's own global custody business in 1995, which helped to propel it up into the top division of providers of securities processing and investor services. The acquisition last month of Royal Bank of Scotland's global custody businesses pushed it into the top slot, ahead of Chase, with more than $5,200bn of assets under custody.

It is understood that Chase would have had to build new capacity to handle a portfolio as large as Morgan's, which would have strained its ability to integrate the custody operations of Morgan Stanley, which it has recently acquired.
George Graham, Banking Editor

CONSUMER PRODUCTS

P&G warns of flat volumes

Procter & Gamble demonstrated the international pressures on consumer products companies yesterday, saying that unit volumes were flat in the third quarter of this year. However, price increases and promotions of premium priced products allowed it to report a 4 per cent increase in sales, and a 10 per cent rise in earnings per share to 72 cents. Net earnings were 8 per cent higher for both the quarter and for the first nine months of the fiscal year, at $1.04bn and $3.35bn respectively.

North American volumes were up 5 per cent, but there was a 5 per cent decline in the Europe, Middle East and Africa region because of the currency devaluation in Russia last year. In Asia, unit volumes fell 6 per cent but sales rose 8 per cent thanks to better pricing and more favourable exchange rates. **Andrew Edgecliffe-Johnson**

BANKING

Banacci emerges from crisis

Banacci, owner of Mexico's largest bank Banamex, said yesterday profits surged 54 per cent in the first quarter, despite creating a "financial war chest" of $100m in general reserves. Banacci's 1.99bn pesos ($213m) of net profit was the second consecutive quarter of strong earnings, and officials said it underlined the recovery from Mexico's banking crisis while smaller institutions were still struggling.

Net interest income at Banamex, its main subsidiary, grew 68 per cent to 6.56bn pesos. Interest margins were down compared with the previous quarter, however.
Henry Tricks, Mexico City

RETAILING

Credit arm lifts Sears Roebuck

Sears Roebuck, one of the biggest retailers in the US, yesterday beat analysts' forecasts with net profits of $146m in the first quarter, up from $133m. Earnings per share rose from 34 to 38 cents, although if non-comparable items were excluded, there was an underlying increase of 36 per cent. Sales were $9.04bn, down from $9.23bn, but this was largely due to the disposal of the Homelife and Western Auto businesses. Comparable stores sales rose by 1.9 per cent, year-on-year.

The earnings improvement was largely attributed to further improvement in Sears' recently problematic credit business, and easily exceeded analysts' expectations, which centred on 34 cents. Sears shares rose $⅞ to $44⅛.
Nikki Tait, Chicago

FOOD AND TOBACCO

Rival promotions hit Nabisco

RJR Nabisco, the US tobacco and food group, confirmed yesterday that its domestic tobacco sales fell by 14 per cent in the first quarter, against a decline of about 10 per cent across the industry. Steve Goldstone, chief executive, blamed aggressive promotions by its competition and price increases brought in by tobacco manufacturers to cover the costs of their $206bn legal settlement with US states.

He added that RJ Reynolds, the US tobacco business, "is standing its ground", although RJR's share of the US market declined by almost one point to 24.8 per cent. Net earnings were 22 cents per share, up from a 10 cent loss in 1998, when the figures were affected by exceptional litigation charges.

Excluding $15m of restructuring charges in 1999 and the $312m tobacco settlement costs in 1998, net income fell 54 per cent to $83m, or 24 cents per share.

Nabisco, the Oreo cookies and Ritz crackers group, saw an 8 per cent decline in operating profits, but analysts welcomed news that increased marketing had helped the US biscuit business show a return to sales growth.
Andrew Edgecliffe-Johnson

CHEMICALS

Dow beats estimates

Dow Chemical, the US-based chemicals company, yesterday reported a fall in net income from $421m to $329m, but beat analysts' earnings per share estimates by 16 cents. Its shares rose $1⅞ to $114⅝.

The company reported first-quarter sales of $4.41bn, down from $4.83bn year ago. Earnings per share fell from $1.17 to $1.47. Dow said an improved portfolio, lower structural costs and increased volume partially offset price declines. Pedro Reinhard, chief financial officer, said Dow was on track to achieve a "positive economic profit at the trough of the chemical cycle". Tracy Corrigan, New York

SOFT DRINKS INTRODUCTION OF NEW PRODUCTS HAS ATTRACTED MORE CONSUMERS

PepsiCo sales advance in North America

By Betty Liu in Atlanta

PepsiCo defied the turbulence in soft drinks with a 4.5 per cent rise in North American volume sales in the first quarter, beating its rival, Coca-Cola, which two days ago recorded one of its smallest gains of just 1.5 per cent.

Analysts said PepsiCo's efforts to introduce new cola products and revamp its marketing campaigns were attracting new consumers in an industry that has seen demand slump globally.

Net income fell from £377m, or 24 cents a share, to $373m, or 25 cents, excluding a net charge of $40m, or 3 cents, related to plant closures at Frito-Lay, the salty foods division. The outcome was inline with Wall Street expectations.

The company also announced it would resume its share buy-back plan and would repurchase about $3bn-worth over the next three years.

The global economic turmoil that has cut into volumes and earnings at Coca-Cola has hurt PepsiCo less.

While PepsiCo derives only about 12 per cent of its profits overseas, compared with Coca-Cola's 75 per cent, it managed a 2 per cent gain in worldwide unit case sales. That compared with a 1 per cent global decline for Coca-Cola, its first drop in several years.

Analysts said that unlike Coca-Cola, which is still primarily based on the sale of one brand, PepsiCo is being helped on all fronts, including the highly profitable Frito-Lay. Quarterly revenues there rose 7 per cent in North America and surged 11 per cent abroad, excluding Brazil where the business was severely affected by the country's financial crisis.

"There's a large margin improvement at Frito-Lay and good volume growth in the 4-5 per cent range in North America," said Caroline Levy, beverage analyst at Schroders. "We're thrilled by the numbers. In the first quarter, they've generally beaten expectations."

Indeed, helped by Frito-Lay's robust performance, overall group revenues increased 17 per cent to $5.1bn.

Roger Enrico, chairman, said PepsiCo's strategic transformation was bearing fruit.

That transformation included the long-awaited spin-off of the bottling unit earlier this month, which not only brought in $5.5bn cash to reduce debt but also freed the group to concentrating on branding.

PepsiCo has recently launched a new marketing campaign appealing to a broader audience and is stepping up promotions for its newest cola, PepsiOne.

Lucent rise beats expectations

By Roger Taylor in San Francisco

Richard McGinn, chairman

Lucent Technologies, the telecoms equipment manufacturer, beat Wall Street expectations yesterday with a sharp jump in earnings and revenues, citing "unprecedented demand for network capacity" worldwide.

Lucent stock rose 4 per cent yesterday to $61⅞ after it announced second-quarter earnings per share, excluding one-time charges, of 17 cents, more than double the equivalent figure of 7 cents in the year-earlier quarter. Analysts had been expecting 15 cents a share.

In a separate announcement, Lucent said it would sell the division which handles small and mid-sized businesses. The division is being bought by a new company, Mandl, Bessemer, Holdings, which will be headed by Susan Loughridge Mandl. Ms Mandl worked for both AT&T and Lucent before becoming chief executive of Newcourt Communications Finance.

Don Peterson, chief financial officer, said small and medium-sized business liked to buy equipment from third-party vendors who were able to bundle the equipment together with a telephone and internet service from a network operator. The Lucent operation will be better able to do this as a separate company.

The financial terms of the sale were not disclosed but the new company will be one of the largest providers of integrated communications systems in the US, with revenues of $850m and about 2,000 employees. It will also be Lucent's single largest outside sales channel.

The strong results from Lucent will help to reassure the stock market, which has been worried by rumours that Lucent's second-quarter earnings would fall short of expectations. Mr Peterson blamed short sellers and added: "My goal in life is to make them sorry."

Revenue grew 33 per cent year on year, increasing to $8.2bn for the three months to the end of March.

Mr Peterson said that there was no end in sight in the growth of demand to upgrade networks to handle additional data traffic, which would drive market growth of 15 per cent a year in the medium term.

He said he expected Lucent to continue to outperform this and reaffirmed that Lucent was on target to grow revenues by 19-20 per cent this year and earnings by 35 per cent.

International demand had also been strong, with non-US revenues from networking equipment sales rising 63 per cent.

A one-time charge of $15m relating to acquisitions cut bottom-line earnings per share to 15 cents.

AirTouch news lifts Vodafone

By Richard Waters in New York

AirTouch yesterday delivered a pleasant surprise for Vodafone, the UK carrier which won a bidding war for the company earlier this year, with news of a better-than-expected jump in earnings in the first quarter.

The US wireless carrier's stock jumped more than 5 per cent yesterday morning in New York, dragging up shares in Vodafone behind it, after it reported a surprise 68 per cent rise in net income, to $257m. Its underlying earings per share of 35 cents (43 cents after sale of investments) topped Wall Street hopes of 32 cents.

The growth of their wireless businesses, along with another sharp increase in data revenues, also enabled Bell Atlantic and GTE, the two local carriers that are waiting to complete a merger, to meet Wall Street's first-quarter expectations.

Behind AirTouch's improvement lay another quarter of powerful growth in demand for wireless telephones in non-US markets.

Based on its minority stakes in carriers in 11 other countries, and majority stakes in Portugal and Sweden, AirTouch said it had 6.8m customers on a proportionate basis at the end of March, 84 per cent more than a year before. Its US subscribers, meanwhile, rose 20 per cent to nearly 8.7m.

Underlying revenues during the quarter rose 27 per cent to $2.12bn, including proportionate interests overseas and accounting for the recent purchase of US wireless properties from MediaOne as if it had been completed at the beginning of 1998. Operating cashflow, on the same basis, rose 27 per cent to $834m.

Bell Atlantic's wireless business recorded a 35 per cent increase in proportionate subscribers, with revenues and cashflow on the same basis up 30 per cent. Along with a 27 per cent increase in revenues from data, that helped it to lift overall revenues 4 per cent to $3.5bn. Underlying net income rose by 10.5 per cent to $1.2bn.

"Demand for basic telephone services continues to be robust at the same time that demand for data services . . . is exploding," said Ivan Seidenberg, chairman of Bell Atlantic.

GTE's underlying earnings, excluding one-off items, rose 14 per cent to $723m, or 74 cents a share. Overall, revenues increased nearly 8 per cent to $6.9bn, with wireless revenues climbing 10 per cent to $714m, data rising 81 per cent to $223m and international revenues up 16 per cent at $404m. Core domestic revenues edged up 1 per cent to $3.6bn.

CMS to invest $90m in Seneca

By Raymond Colitt in Margarita Island, Venezuela

A consortium led by CMS Energy of the US yesterday announced a $90m investment plan for Seneca, its integrated electric distribution utility serving Venezuela's Margarita Island.

The CMS-led consortium, Enelmar, acquired a 70 per cent stake in Seneca in October 1998 for $63m in the first privatisation of several regional power companies earmarked for sale.

Investments over the next 18 months are to increase the company's generating capacity by 34 per cent and repair the submarine transmission line which provides Seneca with 55 per cent of its power from the mainland.

Enelmar also intends to reduce power loss from the current 36 per cent to 11 per cent by 2002, introducing a new billing system and replacing defective measuring devices.

Victor Fryling, CMS president, said the submarine cable was in a near-crisis situation, while much of Seneca's installations were in a state of disrepair.

He also said the country's regulatory framework was "very loose".

Under its 50-year contract, CMS's tariff rate is set through to 2002 and is adjusted according to cost and inflation.

Mr Fryling said Seneca expected to break even in 2001.

CMS reckons power demand will grow by between 9-11 per cent a year, largely because of a growing tourism industry.

CMS Energy also holds a 43.75 per cent stake in Venezuela's Colon oil development project, producing more than 12,000 barrels of oil per day.

Ralston Purina to sell battery unit

By Andrew Edgecliffe-Johnson in New York

Ralston Purina, the Missouri-based pet foods and batteries business, has decided to put its rechargeable battery business up for sale after a sustained period of disappointing results. Analysts expect the division to fetch about $200m.

The group will retain its Eveready Energizer alkaline and carbon zinc batteries, which account for about 80 per cent of its battery activities.

In the past six months rechargeable battery sales have fallen from $85m to $64.2m, and the business has swung from a profit of $5.7m to operating losses of $9.5m.

The group reported first-quarter earnings per share of 34 cents, up from 24 cents, thanks to higher pet food profits.

Celebrex sales help to boost Monsanto

By Nikki Tait in Chicago

Sales of Monsanto's recently launched Celebrex drug, the first of a new group of "super aspirins", ran at an annualised rate of over $1bn in the first quarter of 1999, helping to lift the company's sales 25 per cent, to $2.55bn.

But group net income, which has been trying to transform itself into a life sciences company spanning biotechnology, nutrition and pharmaceuticals, was still down year-on-year from $196m to $132m. Earnings per share were 20 cents, above estimates of 16 cents, but below last time's 32 cents. The group's shares rose $⅞ to $43.

Robert Shapiro, chairman, was encouraged by the first quarter, pointing out that "early patient demand for Celebrex is at an unprecedented level for any new drug". However, analysts will want further evidence that Celebrex can sustain its success. Merck has a rival drug, Vioxx, in waiting, which recently moved closer to gaining regulatory approval.

Celebrex sales were impressive in its first quarter, totalling $379m, with more than 2m prescriptions written. Overall revenue at GD Searle, Monsanto's drugs arm, surged from $532m to $825m. Non-Celebrex sales were up 26 per cent year-on-year. Searle's profits before interest and tax, meanwhile, rose from $12m to $78m.

In agricultural products, profits before interest fell from $306m to $281m, but this was largely due to higher amortisation costs in the wake of an aggressive seed company acquisition programme. Stripping these out, earnings rose from $384m to $396m. The nutrition division also saw earnings slide – from $82m to $39m – mainly because of asset sales.

The bottom line, meanwhile, suffered from doubled interest charges, at $122m against $66m. Monsanto put fresh financing in place when its planned merger with the larger American Home Products group fell apart last year. It said yesterday that asset disposals and cashflow should help to reduce debt later in the year, but admitted that the "order of magnitude" on interest charges would not change in the immediate future.

● A US district court jury yesterday awarded Rhône-Poulenc $65m in damages, after finding that Monsanto's Dekalb seed subsidiary had not had a valid licensing agreement with the French company for technology involved in Round-Up Ready corn, which is genetically engineered to tolerate Monsanto's Round-Up herbicide. Monsanto said it would seek to have the award set aside by the trial judge.

NORMA COHEN
THE PROPERTY MARKET

Private force to the fore

Auctions of investment property bear witness to the rise across Europe of the private investor in portfolio transactions

It is a grey Wednesday morning at London's Radisson Portman Hotel and auctioneer John Barnett is hard at work.

Mr Barnett is selling a portfolio of largely secondary retail properties to a cultural pastiche of investors who have emerged as a force in the UK commercial property market – private investors.

Over four hours Mr Barnett manages to unload almost 130 lots of property to raise £21.5m, roughly double the size and value of the amount his firm, Harman & Healy, would have expected to raise from a similar auction at the same time last year.

According to property consultants Jones Lang LaSalle, the Harman & Healy auction is symptomatic of a wider trend. In a recent analysis on portfolio transactions in the first quarter of 1999, JLL notes two developments. "The first is the rise of the private investor as a key player in portfolio transactions following an almost total absence from the portfolio market previously. The second is the virtual disappearance of institutions and banks as purchasers from their 30 per cent share last year."

In analysing the reasons for the shift in UK portfolio investors, it is interesting to look at what is on sale. Much, JLL notes, is not "institutional" property.

That is, it is property which is sub-prime, let on short leases, and which requires intensive management. Such properties are unlikely to interest institutional investors, but are highly attractive to private buyers.

"We are looking to spend another £200m over the next 18 to 24 months," says Sol Zakay, chairman of Topland Group, a private property company with more than £500m in assets. The company recently bought a warehouse in Stoke let on a three-year lease to Michelin Tyres on a lease yielding 7 per cent.

Mr Zakay says he believes the tenant will renew the contract and the risks of vacancy are low, a chance an institutional buyer may not be willing to take.

Harman & Healy's properties are mostly high street shop units with a residential property attached, and auctioned to a crowd that includes sharp-suited young men, Sikhs, Jews in black gabardines and a few grandmothers.

A warehouse unit in Northwood let to Carpetstyle on a lease expiring in two years, producing income of £5,500, sells for £80,000 – a yield of about 7 per cent – "to the man at the back in the blue shirt. And other clothes too."

Michael Cleal, a director in the national investment team at JLL, says the key to all the private investor demand is interest rates. With UK rates at their lowest in 30 years, five-year swap rates are at 5.3 to 5.4 per cent, meaning a private investor can borrow at 60 to 100 basis points over that.

The prospective buyer of, say, a £75m portfolio could put up 10 per cent in the form of his own equity, borrow £50m from a bank at less than 6.5 per cent, put mezzanine borrowings in place at 8.5 to 9.5 per cent and effectively finance the purchase of a property yielding 9.5 per cent at no cost.

The 9.5 per cent rate of return on the equity, Mr Cleal notes, is far better than that which could be obtained in a building society. And with equities at current levels, shares look a risky bet too, he says.

Most of Europe also has cheap money, and that is encouraging private investors in other markets.

Neil Bamford, head of European investment at JLL's fund management division, says that private investors have been steadily increasing in the Spanish market, for instance.

France too has a broadly equivalent participation by private investors, although with a greater number of foreigners, particularly from Germany and Britain.

In the Netherlands, low interest rates have boosted private investor participation in the domestic property markets to roughly 20 per cent of all purchases in the past two years. Much of the investment is highly leveraged, and increasingly foreign, with Germans the most active buyers. Central and eastern Europe are also generating interest.

"Hungary is buzzing along in the market for private investors," Mr Bamford says. "The majority of deals this year have been on behalf of foreigners, mostly Germans and Israelis."

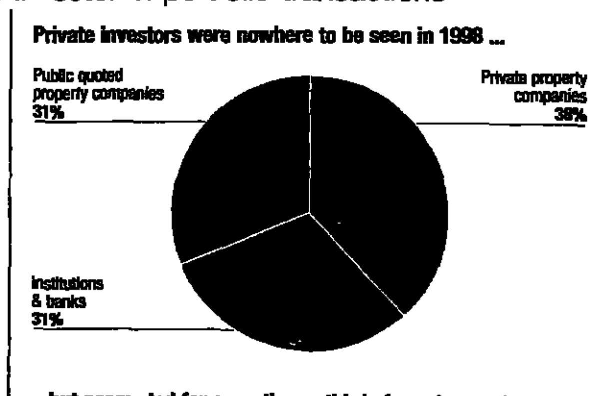
The one European country where private investors show signs of diminishing interest is Germany, perhaps the market where they have been strongest. Private investors have been spurred by very generous tax treatment for property investment.

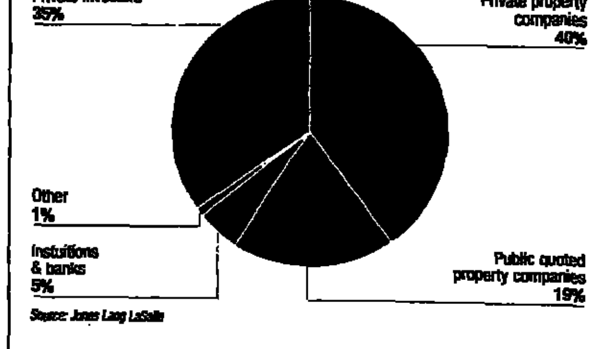
Any property held for longer than two years is not deemed trading property, and therefore does not attract capital gains tax, nor is rental income taxed.

Jonathan Radgick, auctioneer at Harman & Healy, says there is more to the recent explosion of private investors in Britain than just low interest rates.

"We recently scheduled an auction and a customer came in to buy a few of the properties in advance. He bought a few hundred thousand pounds worth on behalf of his family," recalls Mr Radgick. "He was still wearing his bus conductor's uniform."

Private investment in property, he says, is the disclaimer of class. "It's the one kind of investment where it doesn't matter what school you went to."





Source: Jones Lang LaSalle

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CORPORATE REFORM RESIGNATION OF NATIONAL AIRLINE CHAIRMAN REFLECTS PRESIDENTIAL PRESSURE FOR SPEEDY CHANGES

S Korean groups in management shake-up

By John Burton in Seoul

Management upheaval at two of South Korea's biggest companies yesterday reflected presidential pressure for quick corporate reforms in the teeth of resistance from owners and bureaucrats.

The owner of Korean Air (KAL) resigned as chairman over the national carrier's poor safety record. But his son was named as successor despite government suggestions that the airline's family owners should withdraw from management.

Meanwhile, state-run Korea Electric Power (Kepco) said its reformist president was expected to resign on Saturday after losing a power struggle with conservative bureaucrats at the industry ministry.

The resignation at KAL of Cho Choong-hoon, who is also the founder and chairman of KAL's parent Hanjin transport group, came after a series of accidents, including the crash last week of a KAL cargo aircraft at Shanghai.

Cho Yang-ho, his son and KAL president, will become chairman. But his role will focus on developing relations with other international airlines instead of day-to-day management, KAL said. Shim Yi-taek, KAL vice-president, was promoted to president, while 29 senior executives offered to resign.

It is uncertain if the government will be satisfied with the extent of the management reshuffle. Officials warned that KAL could be subject to sanctions, including a credit freeze and flight cuts, unless its management was drastically changed.

Kim Dae-jung, the Korean president, has demanded that KAL's owners should be replaced by professional executives. "KAL is a prime example of bad management by the founding family members" of Korea's leading conglomerates, or *chaebol*, he said.

Mr Kim has blamed the *chaebol* family owners for Korea's financial crisis because of reckless expansion. He said KAL had put business expansion ahead of flight safety.

The government has been trying to force the *chaebol* to reform, and has been threatening to appoint new managers and taking control of *chaebol* units through debt-for-equity swaps with nationalised banks.

However, the proposed sacking of Chung Young-sik, Kepco president, by the industry ministry has provoked worries about bureaucrats' willingness to relinquish control of state companies.

A former professor in the US, Mr Chung was hired to reform Kepco's conservative business culture as it prepared for partial privatisation. But his aggressive management angered ministry officials who regard Kepco as their corporate fiefdom. The ministry ordered Mr Chung's dismissal after he prematurely announced the construction of a thermal power plant in North Korea.

Analysts believe President Kim was forced to accept the decision, to preserve relations with his junior coalition partner, which appointed the industry minister.

Meanwhile, a probe into insider share trading by Hyundai is also seen as a state attempt to speed negotiations over Hyundai's takeover of LG Semicon, under a state-sponsored merger to reduce overcapacity in the memory chip sector.

Japan Telecom blazes trail to the country's global future

News that western groups may take joint stake shows wave of M&A has reached Japanese shores, writes **Michiyo Nakamoto**

Japan has often found itself behind the times when it comes to global trends in industrial restructuring. But the news that *British Telecommunications* and AT&T are likely to take a joint 30 per cent stake in Japan Telecom, in the wake of a contested bid by Cable and Wireless and NTT for the international carrier IDC, has sent a clear signal that the wave of mergers and acquisitions sweeping the world has finally reached Japanese shores.

The expected joint investment has raised hopes for the future prospects of Japan Telecom, and yesterday the news took the company's share price nearly 11 per cent up, by Y160,000 to Y1.68m.

For AT&T and BT, a substantial investment in Japan Telecom would provide the entry into the world's second largest single telecoms market that both companies have been seeking. Although the two carriers have been in the Japanese market for several years and have been successful in niche areas – they are both leading providers of data services – they have made no secret of their desire to form an alliance with NTT.

But Japan's largest carrier has made clear that it has no intention of joining a global alliance.

"In order to do business in Japan, you have to become an insider," says Koshiro Kitazato, chairman of BT Japan. "Most companies in a wide area of industries that have succeeded, have joined with a Japanese company."

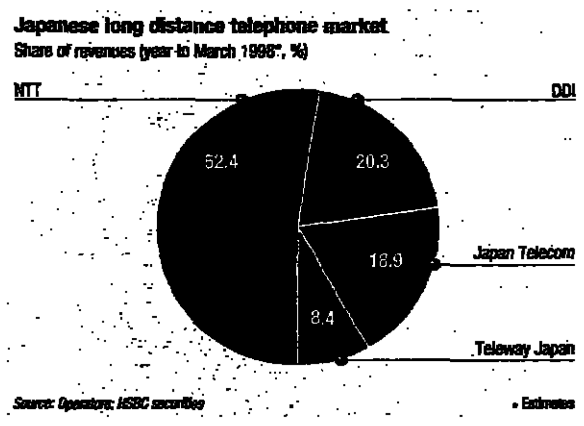
Given that KDD, Japan's international carrier, lacks a domestic network and that DDI is under the strong influence of Kyocera, and that neither are particularly open to foreign investment, Japan Telecom probably represents the best chance for AT&T-BT to penetrate the Japanese market, analysts say.

Though little known outside Japan, the company has the second largest fibre-optic network after NTT, investments in cellular phone businesses which make up one of the largest cellular phone groups in Japan, and a significant stake in a third-generation mobile phone company that has one of the best chances of winning a prized third-generation licence.

Japan Telecom is predominantly a long-distance carrier, and as such faces downward pressure on revenues amid fierce competition. However, it is investing in an advanced data transmission network, which could help it to gain about 10 per cent of the forecast Y63bn ($5.3bn) data transmission market in 2001, says Thomas Rodes, telecoms analyst at Dresdner Kleinwort Benson in Tokyo. For Japan Telecom, a minnow compared to NTT, Japan's dominant carrier, linking with two global groups provides the comfort of being in the international big league. As competition in the industry became global, Japan Telecom's survival depended on finding a strong partner with global reach.

More immediately, Japan Telecom is in need of substantial capital to invest in next-generation mobile communications, even within its domestic market. Having logged Y84.7bn in capital spending during 1998, Japan Telecom is forecast to put up another Y90bn this fiscal year.

What's more, the company's own estimate of capital spending needed for third-generation mobile communications technology, where it seeks to compete with NTT Docomo, comes to Y600bn.



The risks for AT&T-BT are complications arising from Japan Telecom's relationship with Vodaphone, the UK telecoms group, and possible differences over strategy with the Japanese company's management.

Vodaphone competes directly with AT&T in the US market, and managing those relationships could prove tricky. Furthermore, while AT&T and BT could help to bring a more aggressive style to the Japanese group, there is no guarantee that its shareholders and management can break out of their inherent conservatism. For now, at least, the railway companies that established Japan Telecom are expected to continue holding the biggest stake.

INDIA PETROCHEMICAL GROUP'S RESULTS REFLECT PRICE WEAKNESS IN SECTOR

Reliance Industries just ahead

By Krishna Guha in Bombay

Reliance Industries, the leading Indian petrochemical company, yesterday announced a 1 per cent rise in pre-tax profits to Rs17.3bn ($405m) in the year to March 31, in the face of sustained price weakness.

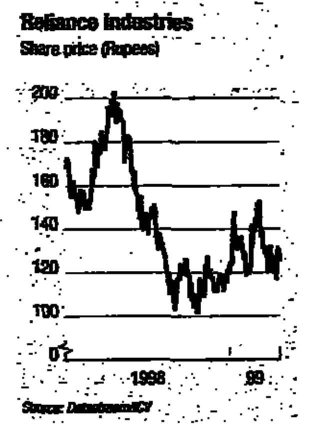
Anil Ambani, managing director of India's biggest private sector industrial company, said the results reflected a period when the world petrochemical industry was at the bottom of its cycle. "Reliance is one of very few companies in this industry to post earnings growth," he said.

Mr Ambani said there were now tentative signs that the worst was over, with an average 10 per cent rise in prices in April on the back of firmer oil prices. But he warned against expecting a dramatic rebound. "It is going to be slow and steady, over three to five years. Demand has to be there."

Last year Reliance increased its production 26 per cent to 7.1m tonnes, as new plants at its Hazira complex came on stream. Sales volumes were also up 26 per cent. However, average product prices fell 17 per cent, and revenue rose by only 9 per cent.

The fall in product prices was offset partly by lower input prices. Reliance's operating margins slipped fractionally from 19 per cent to 18.6 per cent. Mr Ambani said this was a result of higher operating costs following an accident at Hazira. Reliance is pursuing insurance claims for Rs1.4bn in compensation.

"We have been able to keep our margins stable due to strong volume growth, lower feedstock prices, back-



ward integration and more value addition," he said.

Interest costs jumped 45 per cent to Rs7.3bn, while depreciation rose 28 per cent to Rs8.6bn following the commissioning of new plants and a change in depreciation policy.

The company's gearing increased to 28 per cent from 25 per cent – still much lower than for most petrochemical companies.

Reliance adopted an aggressive pricing policy to keep out imports. It increased market share in polyester and fibre intermediates to 45 per cent and 84 per cent respectively, and retained its 56 per cent share of the plastics market.

"Commissioning of the Jamnagar petrochemicals complex and acquisitions will drive growth," said Mr Ambani.

This financial year Reliance will bring on stream a new 600,000-tonne polypropylene plant and a 1.4m-tonne paraxylene plant at Jamnagar.

Sister company Reliance Petroleum will commission its 27m-tonne refinery at the same site in the second quarter.

Kao overcomes Asian downturn

By Paul Abrahams in Tokyo

Kao, the Japanese cosmetics and toiletries group, yesterday announced record sales and net profits despite the domestic recession and downturn in Asia.

However, the company, which has been in the forefront of Japanese companies adopting western management techniques, warned that although net profits would rise next year, its turnover would fall.

It blamed the restructuring of its information technology operation and a projected 10 per cent rise in the yen which would reduce the value of overseas sales.

For the year to March 31, net income rose 41 per cent *from Y24.4bn to Y34.7bn* ($290m) on a 1.9 per cent rise in sales to Y924.5bn. Operating profits jumped 25.8 per cent to Y91.6bn, while pre-tax profits, excluding excep*tionals, rose 30 per cent to* Y89.8bn. Return on equity rose from 6.1 per cent to 7.9 per cent.

Last year's improvement in profits was in spite of an increase in capital expenditure from Y59bn to Y69bn and a Y23.8bn extraordinary charge for restructuring the information technology business.

The company said the results had also been boosted by cost reductions and reduced depreciation charges. The group's year-end debt was Y115.7bn.

The group announced it intended to ask its annual general meeting for permission to buy back up to 62m *shares, equivalent to 10 per* cent of its outstanding stock. Kao's shares jumped Y95, or 3.6 per cent, to Y,2700.

Provisions take toll on Thai banks

By William Barnes in Bangkok

Krung Thai Bank, Thailand's largest bank, was hit by heavy provisions, and posted net losses of Bt11.66bn ($310m) in the first quarter to the end of March.

Krung Thai said it had set aside Bt10bn against non-performing loans. It made a net profit of Bt378,000 in same period last year.

The unwinding of relatively high fixed deposit rates in recent months helped lower the cost of funds by 20 per cent, but cuts in loan rates and and problem loans hurt operating profits. Interest income fell 38 per cent, it said.

*Krung Thai's assets bal*looned after taking over the failed First Bangkok City Bank and the good assets of the Bangkok Bank of Commerce. A capital clean-up is being encouraged by the central bank which is eager to see the bank sold into private hands.

Bangkok Bank was another financial institution which posted losses due to provisions for bad loans. It reported net losses of *Bt9.9bn*, while provisions totalled Bt22m.

Bangkok Bank and Thai Farmers Bank have so far met the special reserves requirement that should equal 40 per cent of problem debts by mid-1999. Most of the weaker banks postponed this capital strengthening exercise. The Bank of Thailand, the central bank, insists that provisioning cover 100 per cent of bad debt by the end of 2000, though *it has recently* relaxed the schedule a little.

Bank of Ayudhya, the third and last of the remaining big banks to be in private ownership, reported a net loss of Bt1.07bn, against profit of Bt529bn last year.

Normandy Mining plans more acquisitions

By Gwen Robinson and Stephen Wyatt in Sydney

Normandy Mining, Australia's largest gold producer, is planning further acquisitions – both domestically and overseas – as well as sales of non-gold assets including its Australian copper and zinc operations when metals prices recover.

The company reported a 47 per cent annual fall in net profits for the third quarter to A$13.1m ($8.5m) and a 5.5 per cent decline in gold production compared to the previous quarter. Cash costs jumped to A$343 an ounce, from A$304 in the second quarter, due to wet weather and equipment problems at Normandy's operations in Western Australia.

Gold production for the nine months to March, however, rose 18 per cent to 1.2m ounces at a cost of A$320 an ounce, boosted by inclusion of Normandy's share of production from Great Central Mines, one of Australia's largest mining groups in which Normandy gained a controlling stake.

Its share of losses incurred by Great Central Mines amounted to A$4.4m in the latest quarter. Great Central was hit by a A$24.2m writedown against its acquisition of shares in the failed copper and gold mining company, Australian Resources. Normandy lost a further A$1m in the quarter from its investment in Queensland Metals, a zinc and copper producer.

Robert Champion de Crespigny, Normandy's executive chairman, said the decline in third-quarter profit to March 31 was "disappointing" and predicted full-year profit was unlikely to match last year's net profit of A$118m. However, cash costs of production were expected to fall in the fourth quarter toward A$300 an ounce.

In the next 18 months to two years, Normandy would see a "substantial increase in our reserve profile, in fact greater than a doubling of it, if all goes according to our planning", he said.

In exploration, meanwhile, strong results in the third quarter provided "further encouragement for growth". As many resources companies slashed exploration budgets, the group continued to maintain annual exploration budgets of about A$85m, he said.

Normandy had advanced its strategy of building a portfolio of larger, longer life, lower cost gold operations, he added.

NEWS DIGEST

BREWING

Tsingtao rides high on growing Chinese market

Tsingtao Brewery, the Chinese beer company, announced its profits had increased 34.8 per cent in 1998 to RMB1.6bn ($193m) as it moved into lower-priced segments of the market with the expansion of the Chinese beer sector. Annual production increased to 557,000 tonnes, and the company projects a rise to 800,000 *tonnes in 1999.*

Tsingtao was the first Chinese company listed on the Hong Kong stock exchange in 1993. The company has had a chequered history, repeatedly surprising investors with unexpectedly poor results.
Rahul Jacob, Hong Kong

CEMENT MAKING

Siam creditors agree revamp

Siam City Cement, Thai's second largest cement maker, which is trying to negotiate a restructuring programme, said 97 per cent of creditors had agreed to its debt restructuring plan, that will see it restart paying principal *on its $542m debt in 2001. The company's revamped* management impressed analysts, who remember the uncommunicative ways of the former management.

Managing director Paul Hugentobler said Siam City Cement would sell its non-operating holding companies, such as Karat and Eagle Cement in Singapore and Thailand.

Its Thai joint venture with Lanna Lignite and Gulf Electric is now up for sale, and there are several possible buyers, he said. Siam City is now 25 per cent owned by the giant Swiss cement maker Holderbank, but has options that could see its holding rise to about 50 per cent.

The cash-strapped Bank of Ayudhya group will probably retain its stake at around 28 per cent.
William Barnes, Bangkok

HOTELS

Goldman raises Rajadamri bid

Goldman Sachs, the US investment bank, stepped up its bid for Rajadamri Hotel by raising its tender offer for shares in the central Bangkok hotel operator to Bt43 per share from Bt38. Goldman Sachs said its higher offer would cover up to 6.75 million shares, or 15 per cent of Rajadamri's outstanding equity.

Goldman Sachs and its Thai partner, Bangkok Hotel Holding, had earlier acquired a 32.33 per cent stake in Rajadamri, which operates the five-star Regent Bangkok Hotel. **Reuters, Bangkok**

ELECTRONICS

Hitachi aims for tiny data card

Hitachi, the Japanese electronics company, and Infineon Technologies, formerly Siemens' semiconductor group, announced yesterday they would co-operate on Multi MediaCard, a postage-stamp-size card said to be the world's smallest data storage device.

"This will be the storage medium of the future," said Juergen Hammerschmitt, vice-president at Infineon.

The small size and light weight of the MultiMediaCard makes it suitable for cellular phones, pagers, laptops and entertainment electronics such as digital cameras.

It can hold up to 16 megabytes of prerecorded data or music, and Infineon said capacity should reach 32 megabytes by next year. Up to 30 MultiMediaCards can be stacked or connected and used simultaneously to increase memory capacity. **Alexandra Nusbaum, Tokyo**

INSURANCE

AMP halves loan facility

AMP, Australia's largest insurer and fund management group, has halved the £1.6bn (US$2.57bn) multicurrency loan facility it arranged last year with four European banks, in a move implying that it is less interested in acquisitions.

In August AMP entered into a multicurrency loan agree*ment of £400m with each of* ABN AMRO Bank, Barclays Bank, Deutsche Bank and UBS. But AMP has now reduced the total of these facilities to £800m.

AMP's move suggests it has now decided to consolidate after taking control of GIO Australia Holdings, a rival insurer, and acquiring National Provident Institution, the *UK life group.* **Russell Baker, Sydney**

RETAILING

Mitsukoshi sees $96m loss

Mitsukoshi, a leading Japanese department store, yesterday announced an Y11.4bn ($95.2m) group net loss for the 1998 fiscal year, a 70.5 per cent improvement on its *Y38.8bn loss the year before.*

But Mitsukoshi said it recorded a group pre-tax loss excluding exceptionals of Y4.6bn compared with a Y4.1bn profit in fiscal 1997. Its group sales were also down 4.3 per cent from Y1,018bn to Y974bn.

The retailer blamed the severe economic environment and the collapse in consumer demand for its weak results.
Naoko Nakamae, Tokyo

POWER GENERATORS US GROUP TO CONTINUE AMBITIONS DESPITE WITHDRAWAL FROM BID BATTLE FOR ENDESA CHILE

Duke rethinks South American strategy

By Mark Mulligan in Santiago

Duke Energy, the US power group, was yesterday drawing up a new strategy to break into the Latin American market after its surprise early exit from the battle to control Endesa Chile, one of the region's largest generators.

Duke, which had bid $2.8bn for 60 per cent of the Chilean company, withdrew its offer late on Tuesday when it became obvious that a rival bid from Grupo Endesa of Spain had drawn the support of key institutional shareholders.

The Spanish group, which already holds 25.3 per cent of the generator through Enersis, its newly-acquired Chilean holding company, will next Thursday spend $2.15bn buying a further 34.7 per cent in an auction on the Santiago Bolsa.

Bruce Williamson, president and chief executive of Duke Energy International, said the group would now look at opportunities in Argentina and Brazil.

However, he said the development of gas pipelines and interconnecting cables between southern and central South American countries meant Duke would return to Chile. "We've had a good relationship with Chile, and from this we can do business," he said.

"There will be more interconnections between Chile and Argentina, as well as with Peru and Brazil. We will be a player in South America and our paths are going to cross at some time."

Duke's sudden withdrawal from what had become Chile's most expensive and highly-charged bid battle surprised industry analysts, who had expected the company to wait until yesterday's share tender deadline to announce victory or defeat.

However, the company announced its decision to the stock market regulator after talks with some of the country's eight pension funds, which together hold 26 per cent of Endesa Chile, and with BanChile, the investment bank handling Duke's offer.

"The numbers weren't there to fulfil our objectives, and in the end it's the maths that matters," said Mr Williamson. "We had to listen to what the market was saying."

Enersis said Duke's withdrawal "confirmed that our offer is better".

"Duke was getting some support from minority shareholders, but their objectives and those of the institutions are very different," said one official.

Meanwhile, Chile's antimonopolies commission has rejected an appeal by a cross-party group of politicians to halt next week's share auction because of concerns about competition.

Snap-on buys Sandvik unit

By Tim Burt in Stockholm

Snap-on, the fast-growing US manufacturer of hand tools, yesterday extended its grip on the world market by spending SKr3.8bn ($393m) to acquire the saws and tools division of Sandvik, the Swedish engineering group.

Snap-on – based in Wisconsin – will become the largest international producer of professional hand tools after integrating Sandvik's 12 European and North American plants into its operations.

"This deal is part of our strategy to become a leading player in the global market for hand tools," said Robert Cornog, chief executive of Snap-on.

"This creates a strong platform to expand in three continents."

He forecast little restructuring or job losses among Sandvik's 2,700 employees in hand tools, describing it as a complementary business alongside its existing tools, diagnostics and shop machinery activities.

In sales, the addition of the Sandvik business will lift Snap-on turnover by about 15 per cent to about $2.1bn a year.

Snap-on has agreed to pay a multiple of 1.3 times sales and 14 times profits for the Sandvik business.

The Swedish group said the disposal, following six months of talks, would enable it to concentrate on its core machine tooling, speciality steels, mining and construction activities which all enjoy higher margins than hand tools.

In machine tools, for example, Sandvik has reported margins of 21 per cent compared with about 7 per cent in professional saws and tools.

"We will use the proceeds to expand our remaining areas, both for acquisitions and internal development," said Clas Ake Hedström, Sandvik chief executive.

In Stockholm, Sandvik's most commonly traded B shares rose SKr12.50 to SKr189.50.

Egyptian high-tech group to seek listing

By David Gardner, Middle East Editor

Orascom Technologies, the leading Egyptian information technology company, is planning an international listing for its operational arm, as the prelude to building a cross-border mobile telephony group around MobiNil, one of Egypt's two private cellular phone companies.

The move is a rare example of an Egyptian or Arab company attempting to become a regional force.

Orascom, owned by the Sawiris family, is expected to announce shortly it has bought a 30 per cent stake in Jordan's Fastlink cellphone network, which it hopes to expand eventually beyond 50 per cent.

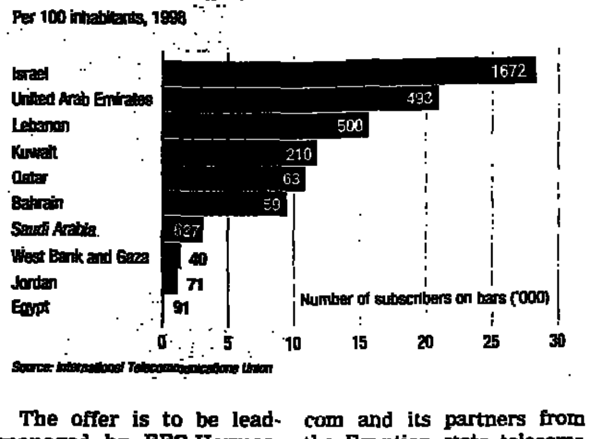
Simultaneously, according to Orascom executives and Cairo financiers, Orascom is bidding to set up the first private mobile network in Morocco, and to start up a cellphone company in Yemen. It is also in negotiations for a stake in one of the two private mobile phone operators in Lebanon, where nearly half of all telephones are mobile.

"Our dream is to become the Vodafone and AirTouch of the region," Naguib Sawiris, chairman of Orascom, said in an interview.

Vodafone and AirTouch are strategic shareholders in MobiNil's Egyptian rival, MisrFone, whereas Orascom's main partners in MobiNil – in which it holds 24 per cent – are France Telecom and Motorola, which each own around 20 per cent. Motorola's 26 per cent stake in Jordan's Fastlink network has also helped facilitate Orascom's acquisition.

Central to the regional strategy is the hiving off and flotation of Orascom's operational arm, probably to be called Orascom Telecoms, to raise about $100m. As well as MobiNil and its acquisitions, this will include Menatel, the company's public pay phone network, and InTouch, Egypt's largest internet services provider, set up with Infonet Services of California.

Cellular mobile subscribers
Per 100 inhabitants, 1998



Source: International Telecommunications Union

The offer is to be lead-managed by EFG-Hermes, the leading Egyptian brokerage and investment bank, in partnership with two other leading investment banks.

Hassan Heikal, head of investment banking at EFG-Hermes, said Orascom had "learned a great deal through its exposure in MobiNil, where it is the operator as well as the investor". MobiNil was bought by Orascom and its partners from the Egyptian state telecoms company for $520m a year ago. Mr Heikal doubted, however, whether the Sawiris family's regional ambitions would be replicated by any other leading corporate groups.

"Few Egyptian companies have the manpower and vision to become regional players," he said.

"This is an exception."

Barrick in record results

By Scott Morrison in Toronto

Low-cost production at the Pierina mine in Peru enabled Barrick, the Canadian gold producer, to beat expectations by posting its strongest ever quarterly results in the face of low bullion prices.

First-quarter net income rose 16 per cent to US$87m, or 23 cents per share, against US$75m, or 20 cents. Analysts had expected 21 cents. Revenue for the quarter was US$392m (US$305m).

Much of the company's strong performance was due to greater than expected output at the recently opened Pierina mine. Production during the mine's first three months was 315,700 ounces, putting it on track to surpass the facility's anticipated 1999 production of 835,000 ounces. Pierina's output boosted Barrick's total production to 1m ounces, up from 769,000 ounces.

Cash production costs at Pierina were US$39 per ounce, once silver by-product credits were factored. That reduced the company's overall cash operating costs by 25 per cent to US$116 per ounce. The forward selling programme continued to reap dividends, with Barrick realising an average price of US$385 per ounce, compared with an average spot price of US$287.

USX-US Steel makes $12m loss

By Nikki Tait in Chicago

USX-US Steel, the largest integrated steelmaker in the US, tumbled to a $12m loss in the first quarter, hit by slumping prices and pressure from imports.

Ahead of charges, there was an underlying profit of $4m, or 2 cents a share, compared with $90m last time. Revenues fell from $1.7bn to $1.2bn, with capacity utilisation rates for raw steelmaking running at 87.1 per cent, down from 99.6 per cent last time.

The situation was only slightly better at Nucor, the minimill operator, where profits were halved from $65.1m to $28.1m, on sales down from $1.14bn to $893.8m.

Earnings per share fell from 74 cents to 32 cents.

Analysts had been expecting a grim first quarter from the steel companies, and yesterday's results were slightly better than anticipated.

There are now hopes that the current quarter's earnings will benefit from improving prices and orders, as well as an easing of import pressures.

Meanwhile, in the metals sector, Asarco, the copper mining group, incurred deeper losses of $35.8m ($31.8m), struck after a $16m one-off charge. The company said the fall in copper prices alone reduced earnings by about $35m.

USX-US Steel rose $¾ at $30¼ during New York trading. Nucor fell $$\frac{3}{16}$$ to $55⅝ and Asarco was up $$\frac{1}{16}$$ at $16½.

SKF plans asset sales to boost profits

By Tim Burt

SKF, the world's largest producer of rolling bearings, is planning to sell assets worth SKr6bn-SKr7bn ($833m) in the latest stage of a restructuring designed to rebuild profits at the Swedish engineering group.

The company, which is mid-way through a two-year reorganisation, said the disposal programme would signal its withdrawal from specialist steels, while cutting stocks by SKr2bn and selling SKr1bn of real estate.

Sune Carlsson, the chief executive recruited last year to turn round SKF, said the programme would reduce the group's balance sheet assets by up to 18 per cent.

"We think this restructuring will lead to an annual operating profit of SKr3bn, corresponding to a margin of 8 per cent," he added.

The largest single business to be sold will be Ovako Steel, the Swedish specialist steel group.

The disposal programme follows a previously announced overhaul in which SKF pledged to cut 6,000 jobs and eliminate overhead costs of SKr1.5bn a year.

Mr Carlsson said the group was on target to complete that part of the restructuring by the year-end.

Shares in SKF, which have been battered by poor trading performances over the past 18 months, yesterday rose SKr17.50 to SKr148 after Mr Carlsson announced a return to profit in the first quarter of this year.

After posting a full-year loss of SKr2.06bn for 1998, the chief executive said pre-tax profits had reached SKr273m on sales of SKr9.31bn in the first three months of this year.

Although year-on-year operating profits were down from SKr678m to SKr476m, industry analysts welcomed an improved price mix on SKF products.

Mr Carlsson warned, however, that sales could weaken further this year and said the industry had not yet passed the bottom of the cycle in volume terms.

Quarterly earnings per share fell from SKr2.30 to SKr1.60.

PROPERTY MARKET

ICI chairman defends top executives' pay

By Virginia Marsh

Sir Ronald Hampel, one of Britain's most prominent industrialists, used his final speech as chairman of Imperial Chemical Industries to defend high pay packets for top executives.

He also attacked the media and financial analysts for placing excessive demands on quoted companies.

Sir Ronald, who served recently as chairman of an influential committee on corporate governance, said it required courage "for managements to stick to long-term strategies under pressure from a media that valued scoops and sensations above all else.

He was also fiercely critical of City brokers focused only on "buy" or "sell" recommendations.

"This interaction produces some intolerable results," he told ICI's annual meeting, before stepping down after nearly 44 years at the group.

"Comments of the media, fed by the analyst community, sometimes anonymously, with no regulatory requirement for accuracy or consistency, can create real problems for management," he said.

Sir Ronald leaves after a difficult 12 months for ICI.

Its transformation from an industrial chemicals producer into a speciality chemicals concern, which Sir Ronald has masterminded, has been hindered by the sharp downturn in the sector and by the blocking of several disposals by regulators.

This has left it with an unexpectedly high debt, prompted speculation it will have to cut its dividend, and caused its shares to seesaw from £12.44 to 446p in a period of just six months last year.

Sir Ronald, who has been replaced by Charles Miller Smith, formerly chief executive, said yesterday that many in the UK, fostered by the media, still believed high pay in business was reprehensible.

"This is unfair and bad for business," he said.

There was an increasing danger that such attitudes would encourage individuals to move from company to company in order to increase their rewards with the least public criticism, he added.

"Executive pay, like much else in the world, is competitive, and companies like ICI have to operate in a global market.

"We must be able to pay our people competitively," he said.

"Despite what many think, governance in a free market economy is not about control of pay – it is about disclosure."

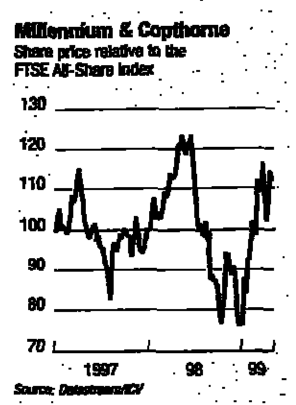
Sir Ronald earned £210,000 ($337,000) in 1998, a figure that was unchanged on 1997.

He was not paid a bonus in either year.

COMMENT

Millennium & Copthorne

There is a lot to intrigue in Millennium 's bold foray into Asian hotels. Take Millennium's share price. It barely budged despite the announcement of a whopping 13-for-20 rights issue. The £438m to be raised is roughly double the amount raised so far this year in such issues. Why the market equanimity? First, Millennium's 52.5 per cent shareholder – which is also the vendor of the Asian hotels – is taking up its rights. Second, and possibly most surprising, is that investors seem happy for the company to call the bottom of the Asian crisis. The price paid, nearly 14 times last year's Ebitda (earnings before interest, tax, depreciation, and amortisation), will look sweet if profits in Asia recover their 1996 levels soon.



But there are no hard trading numbers – yet – to show that recovery is under way. If it is, the deal will transform Millennium, and leave US and European rivals struggling to get a similar network in the region.

If now is the right time to buy, are the sellers losing out? Clearly not in the case of Kwek Leng Beng, whose family owns a controlling stake in CHIL, the entity selling the hotels to Millennium. He is in effect restructuring his hotel assets, out of CHIL and into Millennium, where they should be more highly rated. CHIL will get some £200m of cash from the deal, after subscribing for the Millennium rights.

The niggle is that CHIL's minority investors might have preferred their scarce hotel assets to have been put up for auction. Not everyone can be a winner.

BICC

BICC shareholders should not be shaken by the Takeover Panel's insistence that Wassall put up or shut up with a hostile bid by 1pm today. Wassall had already made it clear it would not go hostile, so all that is ruled out is a move it was not prepared to make. The ruling does not preclude a recommended bid later.

So the difficult question remains, whether or not to back the engineering group's own break-up plan. With the hard sell in full flow, break-up valuations have been wound up to 140p-150p, compared with Wassall's indicative 125p.

This assumes that valuations of construction stocks – Balfour Beatty will be BICC's biggest part – are rising rapidly from recent lows of 20 per cent of sales. Shareholders must be confident about these optimistic assumptions to back the management.

Wassall given BICC deadline

By Susanna Voyle and Thorold Barker

Wassall, the listed venture capital group stalking BICC, has been told by the Takeover Panel that any bid it plans for the cables and construction business must be *formally tabled by 1pm* today.

The move came as Wassall announced that it had approached BICC with a third and higher offer – but had been rebuffed by directors. Wassall is not prepared to make a hostile bid, so if the BICC board *refuses to* open talks this morning it will walk away.

Wassall's latest approach, at 125p a share in cash, was made on Wednesday and rejected yesterday. It would value BICC at £746m ($1.2bn) – and is a 13.6 per cent increase on Wassall's second indicative offer of 110p a share made at the start of the month when BICC announced it was selling its energy cables business.

Alan Jones, BICC chief executive, last night said that if Wassall – which has built up a stake of 9.3 per cent in BICC – came back with a higher offer this morning, the board would reconvene to consider it.

Wassall hopes yesterday's moves will encourage institutional shareholders to force BICC to hold talks with it. "If BICC shareholders wish our offers to proceed they must act now," said Chris Miller, chief executive.

Wassall, which first offered 90p a share in March, said the latest offer was conditional on BICC's proposed disposal of its cables business not going ahead.

Analysts yesterday said they did not think 125p a share was enough to force BICC to start talks. Richard Dunn at Henderson Crosthwaite said a conservative break up value for the group was 150p a share.

Sports Division upsets JJB

By Richard Rivlin

Problems digesting last July's £290m ($466m) acquisition of Sports Division and falling demand for sportswear has hit sales at JJB Sports this year.

It said sales in the eight weeks to March 28 were held back as a shortage of staff in its warehouses following the integration of Sport Division led to delays in delivering *the stock to stores* in February and March.

Like-for-like sales in Sports Division outlets were 27 per cent down in the eight weeks to March 28 compared with the same time a year ago. Current trading in JJB's own stores was also weak *with sales down 5 per cent in* the period.

The news sparked a 13.3 per cent fall in JJB shares, which dropped 57½p to 372¼.

David Whelan, chairman and controller of 42.1 per cent of the stock, said the distribution problems were *close to being overcome.* Mr Whelan said: "We bought a company that was bigger than ourselves. If you could *swallow a pill bigger than* yourself without indigestion I would not believe it. When you grow, there are growing pains."

The group sought to reassure the City that it was close to completing the integration process. It expected cost savings from the combined group in its first full year of trading to exceed the £12m originally expected.

Mr Whelan denied suggestions that JJB's fluctuating share price meant he was planning to take the group private. He said: "We have been treated quite well by the City. If the City did not treat us fairly, I have 42 per cent, and would not be against borrowing the *money and taking it private.*"

The group, which is composed of 449 stores in the UK, said its pre-tax profits rose by less than £2m to £36.11m (£34.19m). Sales rose by 83 per cent to £372.98m.

Over the coming months it *will begin to fit out the first* of more than 300 England football team concessions within its stores.

Up and under: David Whelan, centre, flanked by David Greenwood, finance director, left, and Duncan Sharpe, managing director Malcolm Watson

Abbey dispels doubts with upbeat quarter

By Christopher Brown-Humes

Abbey National yesterday issued an upbeat first-quarter trading statement, allaying many of the doubts about its performance that surfaced with its full-year results. Its shares climbed 6.6 per cent from £12.83 to £13.68.

The mortgage bank said all parts of its business had performed well in the quarter and it was positive about the UK economic outlook.

Lord Tugendhat, chairman, said: "Our expectation is that the economy will improve in the second half of 1999, as the effects of the interest rate changes and improved confidence feed through to the economy."

Analysts focused on a big drop in the number and value of mortgage account arrears since the year end. The number of accounts in arrears fell from 88,100 to 77,700 while the value of those accounts dropped from £115m ($185m) to £107m.

Mortgage arrears were a source of concern to analysts when the group reported its results in February. Last year they rose for all classes of customer. Abbey also said there had been an *underlying fall in Abbey National*-branded unsecured loan arrears.

"The City has recognised that we have got our credit quality under control," the bank said. Abbey, the second biggest mortgage lender, also reported that its share of net UK mortgage lending in the quarter was about 6 per cent. This is below its 14 per cent historic share, but substantially higher than the 3.6 per cent achieved in the same quarter last year.

There was an unquantified net outflow of savings during the quarter, but this was because of a rush into personal equity plans and Tessas, the group explained.

It also noted strong demand for new individual savings accounts, opening 5,000 a day.

Millennium & Copthorne £438m rights to fund Asian expansion

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Millennium & Copthorne, the hotels group, yesterday launched a £438m ($705.2m) rights issue – the UK's biggest this year – and placed its faith on recovery in the Asian hotels market by agreeing to pay £556m for the hotel interests of CDL Hotels International, its majority shareholder.

The acquisition propels Millennium from a regional hotel group into the world's *20th largest hotel owner and* operator. Millennium will have 67 hotels and double the number of its rooms to 17,339 after adding CDL's 43 hotels in Asia, Australia and New Zealand to its portfolio.

The deal marks a radical shift in strategy. Millennium's focus had been exclusively on Europe and the US after its creation three years ago by CDL Hotels when it decided to float its European and US hotels in the UK.

CDL Hotels is part of the Singapore-based Hong Leong group headed by Mr Kwek Leng Beng who also chairs Millennium & Copthorne and CDL Hotels.

Mr Kwek emphasised that the deal was not simply a transfer of assets between *companies he controls.* "Millennium & Copthorne is the right vehicle to grow and this is a restructuring within the group to put that in place. I don't need the money and it would be silly of me to spoil the reputation I've established over the past three years."

The 13-for-20 rights issue involves the offer of 94.2m new shares, representing 39 per cent of the enlarged equity, at 465p a share to raise £438m, before expenses. Millennium is also assuming CDL's £120m of net debt.

CDL Hotels has pledged to take up its entitlement of 49.5m shares which will continue to give it a 52.5 per cent stake in Millennium. The remaining share issue is *fully underwritten* by ING Barings, BT Alex Brown and CDL Hotels.

CDL Asia-Pacific group last year made operating profits of £38.4m, down from £52.8m the previous year. The price paid by Millennium represents a multiple of 13.9 times 1998 earnings before interest tax, depreciation and amortisation.

Bruce Jones, leisure analyst at Merrill Lynch said: "It looks a bit expensive on an historic basis though it stacks up if there is a significant improvement in hotel profitability in the Far East."

Analysts estimated the deal could lead to £10m of cost savings.

The international hotel *market has become increasingly* global, after large acquisitions such as that of ITT Sheraton by Starwood and Inter-Continental by Bass.

Scottish Mortgage admits to mistakes

By James Mackintosh

Scottish Mortgage & Trust, a £1.6bn ($2.57bn) international general investment trust, yesterday admitted it had selected its US investments poorly, but said it was continuing to put more money into North America.

As a result of the poor US stock *selection, over-investment* in Europe and a failure to predict the post-slump share price recovery the trust grew just 4.5 per cent in the year to March 31, against 14 per cent in its benchmark World Index. The FTSE All-Share was up 4.1 per cent in the same period.

"We have to be completely honest about this," said Max Ward of the fund manager, Edinburgh-based Baillie Gifford. "This was not a vintage year."

The trust, the fourth-largest in its sector, is now investing in Latin American and the Pacific rim, after cutting back its exposure to *developing* markets in the wake of the Russian crisis last year.

Mr Ward is preparing to to buy back up to 15 per cent of the trust's shares. He hopes to narrow the discount between the share price and the value of the trust's investments – currently standing at 14 per cent.

Hollinger may bid for UK press group

By Cathy Newman

Hollinger International, the newspaper group headed by the Canadian Conrad Black, may consider bidding for Trinity if the UK's biggest regional publisher fails in its attempt to acquire Mirror Group.

Hollinger, owner of the Daily Telegraph, has been looking for acquisitions in the UK regional press, and is keen to play a part in the sector's consolidation.

Dan Colson, vice-chairman of Hollinger and the Telegraph Group, said yesterday: "We've known Trinity a long time. We used to be a substantial shareholder at one point.

"In the event that their bid for *the Mirror* failed, *they'd* be one of the regional companies we'd be interested in looking at, in keeping with our practice of looking at all regional newspaper opportunities in this country."

Trinity last night declined to comment.

Mirror, which owns national tabloid and regional titles, rebuffed a £972m ($1.6bn) offer from Trinity at the beginning of March.

But the regional group still hopes to secure a deal, and its interest in acquiring Mirror has been referred to the Competition Commission for scrutiny.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Albert Fisher	6 mths to Feb 28	474	(619.8)	53.4L♠	(22.9L♠)	6.27L	(3.63L)	nil	-	1.85	-	1.85
Austin Reed	Yr to Jan 31	120.1	(82.6)	7.13♥	(7.81)	16.2	(17.1)	5	July 1	5	7.5	7.5
Caledonian Trustф	6 mths to Dec 31	1.72	(1.78)	0.518	(0.357)	4.22	(3.25)	-	-	-	-	-
Dana Petroleum	*Yr to Dec 31*	*15.6*	*(10.4)*	*24.2L♠*	*(0.32L♠)*	*3.04L†*	*(0.13L)*	-	-	-	-	-
Datrontech	Yr to Jan 4	265	(275)	2.04♥	(6.05♥)	2.2†	(10.4)	1	June 18	4.2	2	6.3
Folkes	Yr to Dec 31	37.8	(38.5)	7.85♥	(5.85♥)	17.74	(13.74)	1.439	July 1	1.339	2.249	2.092
Forminster	Yr to Jan 30	37	(33.6)	3.41	(4.24)	8.04	(10.19)	2.15	June 10	2.15	3.41	3.37
Havelock Europa	Yr to Dec 31	80.2	(78.2)	1.5♠	(6.02)	3.9	(14.8)	0.75	July 5	3	2.5	4.75
ICI	3 mths to Mar 31	2,157	(2,288)	53♥	(140♥)	5.7	(11.6)	-	-	-	-	32
JJB Sports	Yr to Jan 31	373	(203.6)	36.1♠	(34.2)	21.91†	(25.41)	5.6	July 2	4.5	8.4	6.75
Plantation & Gen'l	Yr to Dec 31	42.8	(51)	1.6♠	(1.73L♠)	0.2	(8L)	nil	-	nil	nil	nil
Princedale	Yr to Dec 31	53.8	(57.8)	1.43	(0.76L♠)	2.22	(0.89L)	nil	-	0.15	0.15	0.55
Stylo	Yr to Jan 30	286.2	(294.1)	14.9L	(0.703)	25.78L	(0.32)	0.1	-	4.66	0.1	4.66
Ted Baker	Yr to Jan 31★	27.4	(20.7)	6.72	(5.06♠)	12.8	(7.88)	3.8	June 17	3	5.4	3
Voss Netф	*Yr to Dec 31*	*0.585*	*(0.587)*	*0.244L♠*	*(0.124L)*	*8.12L†*	*(4.4L)*	-	-	-	-	-
Water Hall	Yr to Dec 31☆	4.13	(5.68)	1.55L♠	(0.031♠)	21.01L	(1.44)	nil	-	nil	nil	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&C Pacific	*Yr to Jan 31*	*136.6*	*(136.9)*	*6.73*	*(4.41)*	2.93	(1.92)	1.05	June 3	1.05	1.85	1.85
Murray VCT	6 mths to Feb 28	93.8	(101.7)	0.251	(0.331)	1.3	(1.7)	1.5	June 2	1	-	3
Scottish Mortgage	Yr to Mar 31	457.3	(437.4)	20.3	(21.7)	5.62	(6.01)	1.75	July 7	3.65	5.5	5.35
Shires Smaller Cos	3 mths to Mar 31	196.8	(177.5)	0.405	(0.102)	2.06	(0.53)	1.45	June 30	1.4	-	6.4
3i	Yr to Feb 28	200.2	(204.7)	2.51	(2.71)	4.33	(4.68)	3.01	June 22	2.92	4	3.88

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. фAim stock. ★Comparatives pro forma. ☆Comparatives restated.

MANAGEMENT BOAT BUILDING

Riva charts a fair course for revival

Paul Betts hears how Riva, the famous Italian marque is gradually being returned to profitability

Keeping afloat: Stephen Julius has revived the fortunes of the boatbuilder

The name is synonymous with La Dolce Vita and the glamour of the Mediterranean jet-set. Even today, Riva motorboats, particularly the sleek wooden Aquarama, retain a following among the wealthy and discerning in San Tropez and Monte Carlo.

But while the boat's reputation endures, the Italian company that built them had until recently been struggling to stay afloat, crippled by high costs and outdated production processes.

The story of Riva's revival could be taken as a case study of the problems of turning around a small company, albeit one with a global brand, in Italy.

That it succeeded at all owes much to the determination and ambition of Stephen Julius, a British entrepreneur who eight years ago started a "vulture fund" called Stellican.

Stellican made its name two years ago when it bought Vicenza, a first division football club, out of bankruptcy.

"Our idea was to concentrate on medium-sized deals involving financially distressed companies in southern Europe at a time when most vulture funds wanted to do big deals," says Mr Julius, who has a Harvard MBA and a stint at Boston Consulting behind him.

"We had already been active in Italy but the football deal put us on the map overnight. We were the first foreigners to buy a premium league football team in Italy."

Stellican paid L22.7bn ($12.4m) for the club and, having repaired its finances, was preparing to take it public last year when its main partner, Enic, the UK group tied to Glasgow Rangers, decided not to go ahead. Stellican is now suing Enic.

Meanwhile, Mr Julius' attention had turned to Riva. The family business, founded in 1842 and based on the shores of Lake Iseo, at the foothills of the Alps between Vicenza and Milan, had been taken over in 1990 by Vickers, the UK defence group that also owned Rolls-Royce cars at the time.

Vickers had planned to create a group of luxury boat companies as a counterpart to its luxury cars. But it concentrated on cars and appeared to lose interest in Riva.

Stellican bought the boatmaker last year for an undisclosed amount, even though Mr Julius, now chairman and chief executive, admits he knew little about boating.

His first act was to replace every senior manager bar one with a new team, and reduce the company's "ludicrous" labour costs.

One way to scrap old union agreements in Italy – Riva had more than 40 – is to file for bankruptcy. But Mr Julius preferred to keep Riva a going concern and negotiate with the unions about salaries and working practices.

When the unions refused to consider the idea, the management turned to an Italian procedure whereby a company can unilaterally make its entire workforce redundant if it shuts down production.

'The football deal put us on the map overnight. We were the first foreigners to buy a premium league football team in Italy'

Ironically, Mr Julius recalls, it was easier to shut down the entire production than to fire a small number of Riva's 115 workers.

The unions appealed to the local mayor and marched to see the prefect of Bergamo, one of the highest government officials of the largest city near the company's headquarters at Sarnico.

However, his gamble worked. A deal involving increased flexibility and a 16 per cent salary cut was agreed, and the company took all the workers back.

Riva's boats were still beautifully crafted, but Mr Julius discovered that the manufacturing process entailed some bizarre inefficiencies.

Half a boat was built at Sarnico on Lake Iseo, then transported by road to Cremona on the River Po.

Once completed, the boat had to wait for the tides to rise in the Po before it could sail to Venice. But from there it could reach Genoa only by sailing down the Adriatic, around the Italian peninsula, and up the Mediterranean.

To rationalise this process, Mr Julius opened a yard on the Mediterranean coast in the Tuscan seaside resort of Viareggio, a centre for leisure boats. The Cremona yard was closed.

Despite the exceptional costs incurred, the restructured company expects to operate profitably again by August next year. Over the next three years, it aims to double annual sales of L52bn.

The final element in the recovery is a new sales and marketing strategy. Mr Julius intends to return Riva to its roots by building the small boats that made it famous. "We want to bring two new products to the market every year over the next three years," he says.

More ambitiously, he is in talks with luxury goods companies to develop a range of luggage, fashion accessories, sunglasses and clothing on a nautical theme to capitalise on the Riva brand.

"The idea would be to launch a capital increase [a rights issue] to bring in a strategic partner to develop this new business."

In five to 10 years, the luxury goods operations could be more lucrative than boat-building. "We already consider ourselves a luxury goods brand, not a boating brand," Mr Julius says.

JOHN THORNHILL
FILE FROM MOSCOW

Awash in sleaze, scams and scandals

Corruption is a way of life for many Russians, but now a group of lawyers is trying to turn the tide

Two centuries ago, a group of Russian émigrés in Paris asked Nikolai Karamzin, the legendary historian, to explain what was happening in their native land. His reply was brief. "They drink. They steal."

Were Russia's greatest chronicler alive today, he might reach a similarly dispiriting conclusion. Awash in cheap vodka, modern Russia is still battling to overcome a tidal wave of corruption. Scandal, crime and scams fill the newspapers and television screens every day.

The pervasive nature of Russia's culture of illegality was recently highlighted by a survey of the attitudes of Moscow students.

One student asserted it was possible to buy everyone in modern Russia: judges, schoolteachers, even goalkeepers, who would jump around like "drunken kangaroos" catching nothing but the goal post.

Her classmate claimed she would have to be a "daughter of Rockefeller" to buy a place at one of Moscow's higher education institutes. "The results are obvious to the whole country. Clever people work as street cleaners and rich kids find high-paying jobs."

The view from the classroom was that corruption had become a way of life in government and business: "Corruption is like an incurable illness: one can slow down its development in the organism of an individual, a society, a state, but one can never cure it outright."

Many Russians may be tempted to despair at such youthful cynicism, or concede that corruption is an ineradicable part of the national character. Others may blame the government, which as a Russian saying goes, finds it easier to poach fish in dirty waters.

But it is perhaps a sign of the country's increasingly vibrant civil society that some adults feel ashamed enough of the students' responses to want to tackle the issue head-on. After discussing the problem of corruption at one of its regular meetings, the Moscow Club of Lawyers, which acts as a "communal kitchen" for Russia's leading advocates, decided to attack the social attitudes that make corruption acceptable.

To this end, it founded a magazine, *Chistye Ruki* (Clean Hands), devoted to analysing the causes of corruption and means of combating the phenomenon. The lawyers intend to lobby politicians, bureaucrats, regional leaders and legislators to change the views and practices of important decision-makers. Their aim is to prove that corruption is harmful to everyone: it worsens the plight of the poor; it hampers social and economic development; it undermines moral values; and it distorts market relations.

Valery Rudnyev, a pensive lawyer who chairs the lawyers' club, argues there are many reasons for corruption in Russia. Corruption is perhaps a natural economic outcome of a society that allows a sprawling bureaucracy to regulate a muddled legal regime while maintaining official salaries at pitifully low levels.

"Corruption has become a style of life," he says. "Practically every driver and every traffic policeman has in one way or the other been drawn into the web. It is a lot easier to pay the traffic policeman for a road violation than to fill out all the forms, go to a cashier to pay the fine, and spend half a day, maybe a whole working day, obeying all the rules."

An opinion poll in 1988 found that 64 per cent of Russians had given a bribe on at least one occasion. "Often a bribe is the single, most effective means of defence from the stupidity, arbitrariness and unpredictability of the state machine," *Chistye Ruki* magazine said, arguing for an overhaul of Russia's legislative regime and public administration.

But Mr Rudnyev suggests there is also a political dimension to the problem, resulting from Russia's transition to an open society. Licence is often the bastard child of liberty. "In Soviet times, for 70 years we had clear rules and real order," he says. "It is well known to criminologists that in totalitarian societies the level of corruption is significantly lower.

"But at the moment, every bureaucrat lives by his own rules which creates fertile ground for corruption. As a society, we must find new rules by which to live."

It is perhaps especially hard to restore a set of moral absolutes in a society that has experienced such perverse forms of moral relativism under decades of Soviet rule. The natural temptation for the government is to revert to authoritarian solutions and resort to the old-fashioned blunderbuss of fear.

Mr Rudnyev argues that such "solutions" would only endanger the civil liberties they are ultimately designed to protect. The answer is to eradicate, not revive, the last vestiges of the closed society. "The key to solving this problem is more openness and transparency."

To some, the lawyers' quest may seem a vain endeavour. But Mr Rudnyev suggests they are trying to exploit a popular climate for change: 61 per cent of Russians believe it is possible to combat corruption more efficiently, according to a recent opinion poll.

Perhaps the most encouraging sign lies in the intolerance of many schoolchildren towards the culture of complicity. "It is possible to think that corruption is a fashion like platform boots. But bribery is bad. I've decided that for myself," said one.

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EURO MARKETS

Turbulent telecoms grow in fits and starts

The volatility in telecommunication stocks this year has not stopped investors seeing them as a goldmine, writes **Bertrand Benoit**

When Deutsche Telekom held a press conference in Bonn last week to announce a substantial share issue and warn its first-quarter sales would be flat, the news sent not only Telekom but most of its rivals plummeting.

The following day, Telekom was back among the main gainers in Europe after news of a merger with Telecom Italia to create a European giant worth €172.8bn. This week however, the telecommunications sector plunged again, tracking a sell-off in technology stocks on Wall Street.

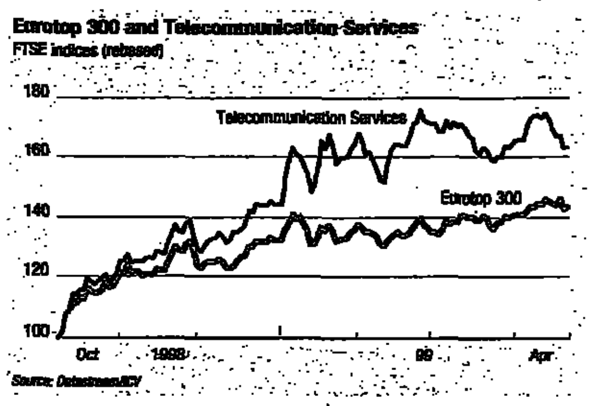
Such turbulence has been the daily staple of telecom investors this year. Following a straight-line rise in 1998, if one discounts the effect of the Russian crisis, telecom stocks have bounced up and down. Yet for most analysts, the sector, which has grown a mere 6.4 per cent on the year, remains a goldmine.

"The industry may experience fits and starts in the short term, but it is a genuine secular growth story and we like it," says Ian Scott, European strategist at Lehman Brothers.

One factor behind this year's volatility, and a key one in this week's plunge, has been the shift by investors from growth into cyclicals stocks, the cheap industrial issues that have underperformed the market for the last four years.

The move, sparked by an improving global economic outlook, was underpinned by the high valuation of growth stocks in general and telecoms in particular. Despite recent corrections, the sector is trading around 37 times estimated 1999 earnings.

The growing number of stocks on offer has also conspired to frighten the most risk-averse investors. In the first quarter, no less than four new entrants announced substantial offerings. In addition to the planned rights issue by Telekom, OTE of Greece and Portugal Telecom said they would return to the market shortly.



Source: Datastream/ICV

"Growth in the sector had reached bubble-like proportions, everyone was piling in for fear of being left out, then everyone had second thoughts," said Alex Ions, European strategist at Dresdner Kleinwort Benson.

Another source of concern has been the attitude taken by telecom regulators. Dutch carrier KPN and Deutsche Telekom suffered from recent decisions by national watchdogs to cap some of their tariffs. Likewise, the competition watchdogs in the European Commission are considering action in the wireless and fixed-line arenas.

"There is a school of thought that says the sector has grown too far," says Alan Lyons, telecom strategist at ABN-Amro. "But underlying factors suggest there is some substantial upside left."

The main reasons for the long-term optimism of analysts is the growth of internet services. Telecom stocks rallied sharply in mid-February as a batch of figures from British Telecom showed an explosion in internet traffic after the introduction of free accounts such as Dixons' Freeserve.

Former monopolies benefit directly from the growth in internet use as subscribers normally connect to the global network via a local call. Besides, these large operators have a 40 per cent market share of internet services through such ventures as Wanadoo for France Telecom and T-Online for Deutsche Telekom.

"We expect that in most markets in Europe, the internet will be double the size of today's mobile market by 2008," writes the telecoms team at Lehman Brothers. In due course, says the bank, it could reach half the size of today's telecoms market.

While former monopolies will benefit from the growth in data traffic, according to ABN-Amro, niche players such as Colt or GTS will gain from rising corporate activity thanks to smaller, faster dedicated networks.

Meanwhile, cellular operators should keep benefiting from the continuous increase in demand for mobile phones, recently boosted by the introduction of pre-paid phones. By 2002-3, J.P. Morgan expects penetration rates of 45-50 per cent in many European markets, compared with one in four in the UK today.

The last ground for optimism has been the frenzy of consolidation. The landmark deal was the Vodafone-Airtouch $66.5bn link-up, which created the first global operator in the cellular industry. Then came Olivetti's bid for Telecom Italia, which signalled that even former monopolies could now be bid for.

For Mr Lyons, the momentum is far from exhausted and it is not time to be underweight in telecoms. "We are moving towards a single market with operators providing services across Europe; that will benefit all sectors in the industry."

FTSE Actuaries Share Indices — European series

Produced in conjunction with the Faculty and Institute of Actuaries

Apr 22 National & Regional Markets	Euro Index	Day's %	change points	Yield gross %	xd adj ytd	Total retn (Euro) €
FTSE Eurotop 300	1298.83	+1.21	+15.47	1.92	8.25	1344.15
FTSE Eurotop 100	2980.96	+1.01	+29.95	1.84	14.16	[illegible]
FTSE Eurobloc 100	1061.52	+0.69	+7.29	1.92	1.95	1079.57
FTSE EuroMid	1296.85	+0.05	+0.70	2.06	9.09	1355.83
FTSE EuroMid Eurobloc	1233.37	-0.21	-2.64	2.49	8.90	1268.69
FTSE EuroMid Ex UK	1280.32	-0.19	-2.45	2.32	6.83	1321.35
FTSE Eurotop 300 Regions						
Eurobloc						
UK	1325.26	+0.65	+8.61	1.67	2.82	1356.82
Europe Ex-Eurobloc	1281.04	+2.18	+27.93	2.18	12.23	1368.82
Europe Ex-UK	1282.96	+1.77	+22.25	1.98	9.88	1336.43
	1309.15	+0.66	+8.57	1.78	2.87	1336.66
FTSE Eurotop Industry Sectors						
RESOURCES	1087.19	+0.12	+1.25	2.59	6.33	1144.91
Mining	1154.51	+1.29	+14.70	3.04	21.37	1207.90
Oil & Gas	1043.48	-0.06	+0.65	2.57	5.47	1075.14
BASIC INDUSTRIES	1236.33	-0.20	-2.53	2.36	6.95	1270.84
Chemicals	945.20	+0.23	+2.15	2.26	2.93	965.38
Construction & Bld Matls	1126.74	-0.97	-11.09	2.23	3.08	1140.03
Forestry & Paper	1084.53	-1.80	-19.86	3.57	38.68	1179.92
GENERAL INDUSTRIALS	1209.02	+1.30	+15.55	2.28	6.65	1242.04
Aerospace & Defence	838.96	+1.15	+9.51	2.01	3.94	854.70
Diversified Industrials	937.52	+0.16	+1.52	2.18	1.73	980.69
Electronic & Elect Equip	1176.50	+1.96	+22.58	1.61	9.86	1194.32
Engineering & Machinery	1169.91	+2.06	+23.61	3.75	7.21	1194.35
CYCLICAL CONS GOODS	1421.89	+0.95	+13.44	2.12	0.60	1461.70
Automobiles	1047.91	+0.78	+8.08	2.15	0.53	1058.23
Household Goods & Texts	1459.73	+1.76	+25.18	1.95	0.00	1472.19
NON-CYC CONS GOODS	1205.50	+0.95	+11.30	1.56	6.39	1245.18
Beverages	963.19	+0.94	+8.98	2.40	10.32	994.97
Food Producers & Process	922.66	+1.69	+15.36	1.72	3.36	938.94
Health	1067.53	+5.57	+56.31	1.03	0.00	1083.50
Packaging	844.99	+0.66	+5.53	1.07	0.00	848.04
Personal Care & Hse Prods	1112.48	+0.21	+2.35	0.98	1.94	1123.96
Pharmaceuticals	1087.80	+0.88	+9.53	1.32	5.22	1098.80
Tobacco	1283.01	-1.72	-22.42	3.46	28.75	1333.35
CYCLICAL SERVICES	1366.54	+1.53	+20.56	1.83	7.06	1414.06
Distributors	662.03	+6.70	+41.56	1.41	0.00	669.46
General Retailers	1159.43	+1.11	+12.72	1.85	3.83	1187.58
Leisure Entertmt & Hotels	1084.19	+0.03	+0.28	1.79	8.72	1108.80
Media & Photography	1245.73	+2.51	+30.53	1.72	11.34	1270.84
Rests, Pubs & Breweries	914.84	+1.78	+16.03	2.60	3.71	945.78
Support Services	1046.12	+0.95	+9.81	1.28	3.28	1060.44
Transport	1000.96	+1.31	+12.96	2.30	5.18	1024.75
NON-CYCLICAL SERVS	1380.85	+1.29	+17.64	1.28	1.72	1423.06
Food & Drug Retailers	1153.40	+0.75	+8.62	1.86	6.11	1177.45
Telecommunications Servs	1343.80	+1.42	+18.78	1.20	0.43	1364.27
UTILITIES	1348.99	+1.88	+24.95	2.99	8.10	1438.72
Electricity	1016.47	+1.81	+18.05	3.20	5.57	1054.28
Gas Distribution	1159.57	+2.30	+26.05	1.45	8.21	1285.65
Water	884.15	+1.40	+11.95	5.28	5.94	910.64
FINANCIALS	1383.82	+1.57	+21.40	2.09	7.98	1430.26
Banks	1014.08	+2.16	+21.44	2.38	7.56	1036.98
Insurance	982.19	+0.34	+3.33	1.39	1.91	995.96
Life Assurance	1100.02	+1.38	+15.00	1.82	8.46	1122.74
Investment Companies	1083.86	+0.24	+2.60	2.12	0.00	1109.86
Real Estate	777.93	+1.07	+8.27	2.76	1.67	800.05
Speciality & Other Fin	1013.42	+0.51	+5.18	2.24	2.94	1033.33
INFORMATION TECH	1004.32	+2.27	+22.32	0.83	4.42	1011.57
Information Tech Hardware	1108.90	+2.07	+22.52	0.92	6.24	1119.44
Software & Computer Serv	760.13	+2.97	+21.95	0.52	0.15	762.08

FTSE EUROTOP 100 INDEX FUTURES (LIFFE) €20 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3000.0	2980.0	+28.0	3000.0	2969.0	43	5870

EURO STYLE FTSE EUROTOP 100 INDEX OPTION (AEX) €10 per index point

	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P
May	194	32	154	43	119	58	88	77	62	102	42	132	27	168	-	-
Jun	221	63	185	77	152	9412	2	114	95	138	73	165	54	197	-	-

Est vol total:0 . Prev day's open interest total: 13,942 . Premiums shown are based on settlement prices.

OTHER INDICES

	Apr 22	Apr 21	Apr 20	1999 High	1999 Low	Since compilation High	Since compilation Low
DJ Stoxx 50	3657.17	3620.60	3614.61	3723.36	3260.29	3723.36	2433.07
DJ Euro Stx 50	3676.61	3643.26	3613.86	3725.40	3325.58	3725.48	2419.23
MSCI Europe	1259.43*	1248.38	1241.03	1269.81	1153.00	1315.55	510.78

Source: Financial Times Information. *Subject to revision next day. (u) unavailable.

FTSE EUROTOP 300

Name	Price (Euro)	Chge + or -	Mkt cap Euro(bn)	Vol (m)	Yld
[illegible]					

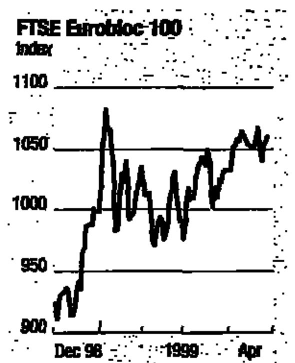
AEROSPACE & DEFENCE; AUTOMOBILES; BANKS; BEVERAGES; CHEMICALS; CONSTRUCTION & BUILDING; DISTRIBUTORS; DIVERSIFIED INDUSTRIALS; ELECTRICITY; ELECTRONIC & ELECTRICAL EQUIPT; ENGINEERING & MACHINERY; FOOD & DRUG RETAILERS; FOOD PRODUCERS & PROCESSORS; FORESTRY & PAPER; GAS DISTRIBUTION; GENERAL RETAILERS; HEALTH; HOUSEHOLD & TEXTILES; I.T. HARDWARE; INSURANCE; INVESTMENT COMPANIES; LEISURE ENTERTAINMENT & HOTELS; LIFE ASSURANCE; MEDIA & PHOTOGRAPHY; MINING; OIL & GAS; PACKAGING; PERSONAL & HOUSEHOLD PRODUCTS; PHARMACEUTICALS; REAL ESTATE; RESTAURANTS PUBS & BREWERIES; SOFTWARE & COMPUTER SERVICES; SPECIALITY & OTHER FINANCE; SUPPORT SERVICES; TELECOMMUNICATION SERVICES; TOBACCO; TRANSPORT; WATER

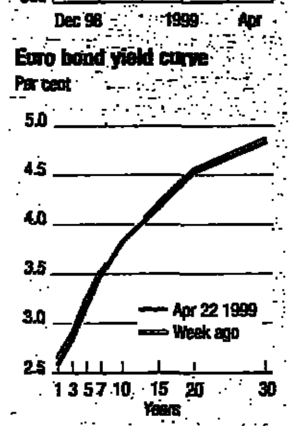
CURRENCIES, MONEY & BONDS

EURO-ZONE BONDS

Apr 22	Red date	Coupon	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
SOVEREIGNS								
UK	01/01	4.250	AAA	102.692	2.54	-0.01	-0.62	-0.15
Denmark	01/02	4.750	AA+	104.439	3.00	-0.01	-0.28	+0.17
Sweden	02/01	5.000	AA+	103.710	2.83	-0.01	-0.35	+0.14
Greece	11/05	6.750	BBB	115.636	4.28	+0.02	-0.20	+0.79
SUPRANATIONALS								
ADB	10/07	5.500	AAA	109.442	4.15	+0.02	-0.19	+0.53
EIB	04/08	5.000	AAA	107.250	4.02	+0.02	-0.20	+0.29
Eurofima	12/09	5.625	AAA	110.776	4.34	+0.02	-0.19	+0.51
World Bank	04/05	7.125	AAA	116.280	3.65	+0.01	-0.20	+0.30
UTILITIES								
EDF	10/03	3.750	n/a	102.296	3.19	+0.00	-0.24	+0.18
TEPCO	02/03	4.750	AA	104.247	3.54	+0.00	-0.19	+0.53
Quebec Hydro	03/08	5.375	A+	106.688	4.45	+0.02	-0.26	+0.72
Norsk Hydro	10/99	7.250	A	101.727	3.13	+0.00	-0.38	+0.56
FINANCIALS								
Bad Wurtt	02/10	5.375	AAA	108.851	4.33	+0.01	-0.17	+0.43
OKB	09/07	5.750	AAA	111.957	4.04	-0.01	-0.17	+0.42
Credit Local	04/08	5.250	AA+	107.490	4.23	+0.02	-0.26	+0.50
Abbey Natl	01/09	5.000	AA-	102.622	4.65	+0.02	-0.17	+0.82
INDUSTRIALS								
Unilever	10/01	5.125	AAA	104.779	3.07	+0.00	-0.26	+0.38
McDonalds	03/08	5.125	AA	106.366	4.25	+0.02	-0.20	+0.52
Philip Morris	06/08	5.625	A	105.302	4.89	+0.02	-0.13	+1.16
BAT Int Fin	07/08	5.375	A-	104.410	4.64	+0.02	-0.27	+1.15
PFANDBRIEFE								
Rhein Hypo	12/01	5.500	n/a	106.252	2.96	+0.00	-0.31	+0.27
Eurohypo AG	01/04	5.000	n/a	107.043	3.36	+0.00	-0.24	+0.17
Bayer Vereins	01/06	6.000	n/a	113.242	3.74	+0.00	-0.23	+0.25
Depfa	07/08	4.750	n/a	104.851	4.13	+0.00	-0.18	+0.40
HIGH YIELD								
Geberit	04/07	10.125	B+	115.000	6.10	+0.00	-0.17	+2.48
Colt Telecom	11/07	8.875	n/a	107.598	7.65	+0.02	+0.01	+4.03
Impress Metal	05/07	9.875	B	112.000	6.95	+0.00	-0.38	+3.33
Remy Cointreau	07/05	10.000	B+	107.141	8.50	+0.00	-1.62	+5.15

Standard & Poor's ratings. Source: Interactive Data/FT Information.





Sources: FTSE International; Interactive Data/FT Information

EURO SPOT FORWARD AGAINST THE EURO

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA
Europe												
Czech Rep.	(Koruna)	37.9159	+0.0635	884 - 434	37.9500	37.8500	38.0612	-4.6	38.3301	-4.4	39.4742	-4.1
Denmark	(DKr)	7.4319	-0.0027	275 - 363	7.4400	7.4250	7.4349	-0.5	7.4404	-0.5	7.4638	-0.4
Greece	(Dr)	326.971	+0.6260	719 - 223	327.300	325.457	328.8926	-7.1	332.6239	-6.9	346.6164	-6.0
Hungary	(Forint)	250.141	-0.5670	976 - 306	252.050	249.630	252.8496	-13.0	258.0655	-12.7	280.5339	-12.2
Norway	(NKr)	8.2709	+0.0044	665 - 752	8.2810	8.2575	8.3008	-4.3	8.3496	-3.8	8.5069	-2.9
Poland	(Zloty)	4.2654	+0.0037	641 - 667	4.2850	4.2529	-	-	-	-	-	-
Romania	(Leu)	15733.18	+52.6100	581 - 071	-	-	-	-	-	-	-	-
Russia	(Rouble)	26.4913	+0.0255	320 - 505	26.5555	26.4133	-	-	-	-	-	-
Slovakia	(Koruna)	44.9165	-0.0100	508 - 822	45.0810	42.3274	-	-	-	-	-	-
Sweden	(SKr)	8.9127	-0.0008	053 - 201	8.9210	8.8944	8.9159	-0.4	8.9195	-0.3	8.9374	-0.3
Switzerland	(SFr)	1.6004	-	995 - 012	1.6030	1.5988	1.5981	1.7	1.5937	1.7	1.5759	1.5
UK	(£)	0.6577	-0.0026	574 - 580	0.6634	0.6565	0.6592	-2.7	0.6621	-2.7	0.6747	-2.6
Americas												
Argentina	(Peso)	1.0595	-0.0012	592 - 598	1.0680	1.0563	-	-	-	-	-	-
Brazil	(R$)	1.8094	-0.0257	063 - 124	1.8230	1.7959	-	-	-	-	-	-
Canada	(C$)	1.5697	-0.0103	688 - 706	1.5868	1.5650	1.5726	-2.2	1.5781	-2.1	1.6029	-2.1
Mexico	(New Peso)	9.8844	-0.0474	768 - 920	9.9827	9.8615	10.0361	-18.4	10.3369	-18.3	11.9694	-21.1
USA	($)	1.0597	-0.0011	594 - 599	1.0681	1.0564	1.0617	-2.3	1.0659	-2.3	1.0863	-2.5
Pacific/Middle East/Africa												
Australia	(A$)	1.6296	-0.0108	286 - 305	1.6486	1.6263	1.6326	-2.2	1.6385	-2.2	1.6652	-2.2
Hong Kong	(HK$)	8.2115	-0.0072	093 - 137	8.2585	8.1885	8.2264	-2.2	8.2622	-2.5	8.5026	-3.5
India	(Rs)	45.3159	-0.0418	946 - 372	45.6884	45.0977	45.6071	-7.7	46.2765	-8.5	49.7901	-9.9
Indonesia	(Rupiah)	9113.00	-57.19	787 - 814	9425.00	9045.89	9332.19	-28.9	9752.83	-28.1	11325.28	-24.3
Israel	(Shk)	4.2837	-0.0013	785 - 889	4.3148	4.2638	-	-	-	-	-	-
Japan	(Y)	126.729	-0.3490	651 - 806	128.000	126.600	126.4700	2.5	125.9354	2.5	123.5389	2.5
Malaysia	(M$)	4.0267	-0.0042	322 - 345	4.0506	4.0145	-	-	-	-	-	-
New Zealand	(NZ$)	1.9351	-0.0048	332 - 370	1.9538	1.9300	1.9382	-1.9	1.9444	-1.9	1.9761	-2.1
Philippines	(Peso)	40.4257	+0.0110	572 - 942	40.6316	40.1432	40.7049	-8.3	41.1910	-7.6	43.5715	-7.8
Saudi Arabia	(SR)	3.9739	-0.0042	728 - 750	3.9982	3.9617	3.9837	-3.0	4.0061	-3.2	4.1159	-3.6
Singapore	(S$)	1.8105	-0.0071	095 - 114	1.8217	1.8050	1.8082	1.5	1.8049	1.2	1.8028	0.4
South Africa	(R)	[illegible]										
South Korea	(Won)	[illegible]										
Taiwan	(T$)	[illegible]										
Thailand	(Bt)	[illegible]										
UAE	(Dirham)	[illegible]										

[illegible footnote]

Europe outperforms US Treasuries

BENCHMARK BONDS

By Arkady Ostrovsky in London and John Labate in New York

European bond markets outperformed US Treasuries yesterday, with the yield spread between German bunds and the 10-year US bond rising 5 basis points to its highest for 10 years.

The US 10-year bond yielded 147 basis points over the bund, the biggest spread since the beginning of the decade, according to Jan Loeys at J.P. Morgan.

US Treasuries were pulled lower in midday trading as a strong rally again took hold in the stock market.

By early afternoon the 30-year bond, the benchmark for long-term interest rates, had lost ¾ to 95⅛, sending the yield up to 5.574 per cent. The 10-year note was down ⅜ to 96⅞, yielding 5.215 per cent, and the two-year note had lost ⅛ to 99¾, yielding 5.010 per cent.

"It's a combination of strong equities, a weak close yesterday, and comments by [Federal Reserve governor] Meyer," said David Ging, market strategist at Donaldson, Lufkin & Jenrette. In a morning speech, Mr Meyer was seen as suggesting the Fed might revisit its recent easing of interest rates.

Prices of US Treasuries have been weakened by growing fears of inflationary pressure, observers said.

European bond prices edged lower despite weaker French industrial production data than expected, which led some analysts to believe that interest-rate cutting in the euro-zone was not over.

The German 10-year bund future fell 0.17 to 115.56. UK gilts continued to under-perform euro-zone bonds as investors adjusted to the changing outlook for UK interest rates. The spreads between UK gilts and German bunds widened to 85 basis points yesterday. The gilts future fell 0.40 to 116.93.

J.P. Morgan was one of the first large banks to change its outlook for UK interest rates from easing to tightening, but other banks are also revising their forecasts.

Mr Loeys said the range of strong economic data released in recent weeks indicated that recession was over before it had even begun. He said the strength of the UK labour market and the divergence of interest rates in the euro-zone and the UK was likely to raise question about the UK's prospects of entering EMU.

"The Bank of England is not going to raise interest rates next week but we could see some tightening soon, which would affect the longer end of the yield curve," Mr Loeys said.

The Japanese government bond market continued to rise, with the yield on the 10-year JGB falling to 1.305 per cent from 1.350 per cent. The market is driven by Japanese investors who shun credit and foreign currency exposure in favour of government bonds.

First IT stock to be listed in Hungary

By Vincent Boland and Khozem Merchant

Synergon Information Systems will become the first information technology company to be listed on the Hungarian stock exchange when its initial public offering is priced today.

A separate listing will also take place on the London Stock Exchange in the form of global depositary receipts which, like the IPO, will be the first by a Hungarian issuer in 12 months.

The IPO is being lead-managed by Nomura International and CA IB Investment Bank. It is seen as a test of investor demand for technology stocks from central Europe, where the sector is fragmented but developing fast. The listing, which could value Synergon at up to $100m, comes a week after Hungary launched a $500m global bond.

Both transactions are seen as a measure of returning investor confidence in Hungary. Hungarian sovereign bonds are trading at narrower spreads than comparable central European bonds, a sign of the country's detachment from the fall-out of the Russian crisis.

Synergon, which provides "integrated solutions" – customised software and hardware products – to companies based in Hungary, is offering a mix of existing and new shares to domestic and international investors in only the third IPO from central Europe this year.

Bankers said Synergon's domestic retail offering of about 10 per cent of the total was over-subscribed. The remaining 3.5m shares are being sold as shares or GDRs to domestic institutions and global investors.

Hessen makes debut in euros

NEW ISSUES

By Khozem Merchant

The German state of Hessen launched its debut euro-denominated bond yesterday on a day of heavy flows in both the euro and dollar markets.

Hessen's 10-year €1bn bond was its first tapping of the debt market since the state was assigned an AAA rating by Standard & Poor's last summer.

That was one reason why the bond attracted a significant response from investors in the US, where two large accounts helped to swell the US placement to 7 per cent of the total.

A quarter of the bonds were sold in Germany and the rest elsewhere in Europe and in Japan.

"North America was the real surprise; historically it has been difficult to sell there," said an official at Deutsche Bank, joint lead manager with Warburg Dillon Read.

The size and liquidity of the issue also helped win over investors to a borrower that historically has met its borrowing needs domestically.

Hessen plans to raise €3bn-€4bn in debt this year, about one-third of which will be covered in a medium-term note programme to be unveiled soon.

Bankers said this volume of issuance, combined with the higher credit rating and strong underlying fundamentals in Hessen, made the state comparable to some smaller euro-zone borrowers such as Austria. Belgium, for example, which recently issued a €2bn benchmark floating-rate note, has been downgraded by Fitch IBCA.

Yesterday's issue was priced to yield 28 basis points over the 10-year bund and tightened slightly.

The dollar market was also busy, with several top US names taking advantage of attractive market conditions, such as a firm dollar, relative stability and a positive view on spread-tightening, to raise debt.

Freddie Mac (10-year, $1bn), DuPont, BAT and BNG led the way.

Morgan Stanley Dean Witter, joint lead with Warburg Dillon Read, on DuPont's $400m 10-year bond, said it attracted some 30 accounts for its tranche of the issue, a high response.

BAT followed up its successful recent euro issue with a $400m six-year bond that was priced at 135 basis points over five-year Treasuries, and BNG launched a $500m bond in the 10-year sector, which has attracted activity since the European Central bank's recent rate cut and indications that it may be the last for a while.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Aircraft Fin Tst 99-1(a)‡	1.205bn	-	-	May 2024	0.40	-	Lehman Brothers
Household Finance	1bn	(b.)#	(b)R	May 2004	0.35R	+90(4¾Feb04)	JP Morgan/MSDW
Perseus CDO 1, Ltd(c)	568.5	-	-	Jun 2011	-	-	Lehman Brothers
BNG	500	(d)	(d)R	Apr 2009	0.325R	+65(4¾Nov08)	Merrill/Salomon SB
DuPont	400	6.875	99.56R	May 2009	0.35R	+69(4¾Nov08)	Morgan Stanley/Warburg
BAT International Finance	400	6.50	99.779R	May 2005	0.325R	+135(Feb04)	ABN Amro/M Stanley
Bremer Landesbank‡	200	(g)	100.03276	May 2000	0.05	-	CSFB
Svenska Handelsbanken(h)‡	100	(h1)	100.00	Apr 2000	0.05	-	Tokyo-Mitsubishi Intl
Cregem Finance	60	5.50	101.15	Jun 2002	1.375	-	Dexia Capital Markets
EUROS(e)							
State of Hessen	1bn	4.00(f)	99.098R	Jul 2009	0.225R	+28(3¾Jul09)	Deutsche/Warburg DR
Deutsche Hypo	1.25bn	2.50(f)	99.808R	Mar 2002	0.05R	-	Dresdner KB
Allgemeine Hypo	1bn	2.50(f)	99.808R	Mar 2002	0.05R	-	Dresdner KB
CayMadnd International‡	750	(j)	100.038	Nov 2000	0.075	-	CSFB
Standard Chartered Bank(S)	600	5.375	99.118R	May 2009	0.50R	+168(Jan09)	Goldman Sachs
Mediocredito Centrale‡	500	(k)	99.88R	May 2004	0.175R	-	JP Morgan/Paribas
DSL Bank(m,f)	500	3.625	101.29R	Mar 2004	0.25R	+14(3½Jul04)	CSFB/Nomura Intl
Westfaelische Hypo‡	500	(n)	100.025	Aug 2000	0.05	-	HypoVereinsbank
CAF(f)	300	4.75	99.047R	May 2004	0.45R	+175(Jul04)	Merrill Lynch
Bertelsmann Capital Corp	200	4.375	99.121R	May 2009	0.35R	+66(3¾Jan09)	Commerz/WestLB
KfW	200	3.00	99.714R	Apr 2003	0.125R	+6(4½%Feb03)	Commerzbank
Banque PSA Finance‡	200	(o)	100.035	Aug 2001	0.08	-	CCF/CCBP
Republic of Turkey(r)	150	9.50	99.625R	Mar 2004	0.625R	-	Deutsche/Paribas
Finance for Danish Ind(S)‡	100	(t)	99.988R	May 2004	0.30R	-	Salomon Smith Barney
STERLING							
SunAmerica Inst Funding	200	5.375(s)	99.118R	Dec 2009	0.325R	+92(5¾Dec09)	Merrill Lynch
CANADIAN DOLLARS							
Export Development Corp	500	5.00	98.741R	May 2006	0.30R	+13(8¾Dec05)	Merrill/RBC

Final terms, non-callable unless stated. Yield spread (over govt bond) at launch supplied by lead manager. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) 5-tranche deal. Servicor: GE Capital Aviation Services. b) Priced today approx +90bp. c) 8-tranche collateralised debt obligations. d) Priced today. e) Spread relates to German govt bonds unless stated. f) Spread re French govt bonds. g) 3-mth Libor -6¼bp. h) $150m launched 14/4/99 increased to $250m. h1) 3-mth Libor -6¼bp. j) 3-mth Euribor flat. k) 3-mth Euribor +10bp. l) Long 1st coupon. m) Fungible with €1.5bn. Plus 58 days accrued. n) 3-mth Euribor +1bp. o) 3-mth Euribor +10bp r) Fungible with €500m. Plus 45 days accrued. s) Short 1st coupon. t) 3-mth Euribor +30bp to 17/5/01, then +150bp if not called. S) Subordinated.

NEWS DIGEST

SHARE ISSUES

International offering from Asia Pulp & Paper

Asia Pulp & Paper, an Indonesian company based in Singapore, yesterday became the first Indonesian corporate to launch an international share issue, in a $350m offering. The issue, lead-managed by Merrill Lynch, adds to AP&P's existing primary US listing on the New York Stock Exchange.

Proceeds from the offering will be used as working capital for the launch of new capacity in China. A bank official said the share offering marked the start of a long-term campaign to "deleverage" the company after several consecutive years of heavy investment in new mill capacity in Asia. The new shares were priced at $8.40 each and were trading at $9⅛ at 2pm yesterday in the US.

AP&P, which is part of the Sinarmas group owned by Indonesia's Wijaya family, is expected to benefit from the recent upswing in global demand for commodities and other cyclical products. US and European investors have recently dumped growth stocks in favour of cyclical stocks as a result. The company, whose revenues are primarily denominated in US dollars, still retains the bulk of its operations in Indonesia. But its primary and sole stock market listing is in the US. **Edward Luce, London**

CREDIT RATINGS

Outlook on Malaysia changed

Moody's Investors Service has changed the outlook for Malaysia's long-term foreign currency country credit rating ceilings for bonds and notes to stable, from negative, to reflect the improving climate in Kuala Lumpur. The ceilings are Baa3 for bonds and notes and Ba1 for bank deposits. The government has recently shown some flexibility in its capital controls, moving from a 12-month prohibition on capital repatriation to an exit tax.

The appreciation of exchange rates in the region has meant that, despite its fixed exchange rate, Malaysia has not lost competitiveness. Although concerns about access to external financing remain, Malaysia has been able to receive fresh funding with the support of Japan, foreign banks in Malaysia, and from other creative sources. Short-term debt has declined substantially and international reserves have risen.

As a result, Moody's believes Malaysia's international liquidity has strengthened. It added that Malaysia was making progress in attempts to recapitalise the banking system but noted that banking sector restructuring was one reason for larger budget deficits. It added that corporate sector restructuring appeared to be moving more slowly. Nevertheless, Moody's said: "The government's financial position remains manageable."

Sheila McNulty, Singapore

Comments and press releases about international capital markets coverage can be sent by e-mail to international.companies@ft.com

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Apr 22	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	01/01	8.750	105.5132	4.74	+0.04	-0.05	-0.22	-0.25
	08/08	8.750	124.9860	5.31	+0.05	+0.04	-0.21	-0.40
Austria	03/01	5.250	104.5000	2.75	-0.01	-0.11	-0.21	-1.37
	01/08	5.000	107.3000	3.89	+0.01	-0.02	-0.15	-1.02
Belgium	03/01	5.000	104.1300	2.78	-0.01	-0.04	-0.35	-1.42
	03/09	3.750	97.1200	4.11	-0.01	-0.02	-0.15	-0.91
Canada	12/00	5.000	100.3439	4.77	-0.21	+0.18	-0.21	-0.24
	06/08	6.000	105.3700	5.11	+0.04	+0.15	-0.07	-0.24
Denmark	11/00	9.000	108.8800	3.13	+0.03	-0.01	-0.24	-1.25
	11/09	6.000	114.6700	4.22	+0.03	-0.01	-0.18	-0.82
Finland	04/00	4.000	101.5000	2.65	-	-0.05	-0.36	-1.16
	04/09	5.000	107.8000	4.04	+0.01	-0.04	-0.18	-0.88
France	07/00	4.000	101.5800	2.64	-	-0.05	-0.35	-1.47
	04/03	7.250	123.0700	3.46	+0.01	-0.04	-0.21	-1.22
	04/08	4.000	100.4500	3.94	-	-0.04	-0.18	-1.01
	04/29	5.500	110.1800	4.85	-	-0.04	-0.17	-0.61
Germany	05/01	5.000	104.4800	2.73	-	-0.10	-0.23	-1.24
	01/08	6.000	114.2300	3.37	+0.01	-0.08	-0.23	-1.18
	01/09	3.750	98.3800	3.83	+0.02	-0.02	-0.17	-1.11
	07/28	4.750	98.6000	4.82	+0.01	-0.03	-0.14	-0.64
Greece	03/00	9.600	100.2900	9.35	+0.05	+0.48	+0.57	-0.49
	01/09	6.300	102.5500	5.94	+0.04	-0.15	-0.05	-2.20
Ireland	10/01	6.500	106.7000	2.82	-	-0.06	-0.33	-2.24
	08/08	8.000	116.1120	3.90	-0.01	-0.06	-0.24	-1.21
Italy	07/01	4.500	103.4900	2.83	-0.01	-0.08	-0.31	-1.72
	07/03	4.500	105.1600	3.16	-0.01	-0.08	-0.28	-1.57
	05/08	5.000	103.5600	4.08	+0.01	-0.03	-0.14	-1.05
	11/27	6.500	121.8500	5.05	+0.01	-0.03	-0.12	-0.54
Japan	12/00	6.800	111.0990	0.14	-0.01	-0.04	-0.07	-0.42
	12/03	4.100	115.0240	0.62	-0.03	-0.03	-0.35	-0.50
	06/08	1.800	104.0180	1.32	-0.03	-0.12	-0.37	-0.25
	09/18	2.300	100.6200	2.26	-0.03	-0.07	-0.31	-0.16
Netherlands	01/01	9.000	110.3500	2.73	+0.01	-0.08	-0.29	-1.37
	07/09	3.750	98.0100	3.99	+0.01	-0.02	-0.14	-0.93
New Zealand	02/01	8.000	105.4815	4.73	+0.05	-	-0.19	-2.86
	07/09	7.000	109.7916	5.72	-0.05	+0.08	-0.16	-1.05
Norway	09/01	7.000	104.6700	4.66	+0.02	-0.06	-0.32	+0.22
	05/09	5.500	105.6500	4.86	-0.01	-0.05	-0.35	-0.64
Portugal	03/00	5.375	102.4000	2.63	-0.03	-0.22	-0.36	-1.63
	06/08	5.375	105.4400	4.11	-0.02	-	-0.23	-0.93
Spain	01/01	5.000	103.8900	2.70	+0.02	-0.01	-0.27	-1.51
	07/09	0.000	107.3700	4.10	+0.01	-0.03	-0.35	-0.95
Sweden	06/00	10.250	107.1836	2.97	-	-0.03	-0.24	-1.86
	05/08	6.500	117.3050	4.16	+0.03	+0.02	-0.25	-1.03
Switzerland	08/00	4.500	103.8900	1.14	-	-0.01	-0.31	-0.70
	01/08	4.250	115.7000	2.24	+0.02	+0.07	+0.01	-0.86
UK	11/01	7.000	104.8400	4.94	+0.06	+0.01	+0.17	-1.71
	12/03	6.500	107.4100	4.70	+0.05	+0.02	+0.10	-1.24
	12/08	5.750	110.2700	4.52	+0.05	+0.02	+0.02	-1.33
	12/28	6.000	124.8300	4.48	+0.06	-0.03	-	-1.30
US	01/01	4.500	99.1636	5.00	+0.02	+0.02	-0.02	-0.82
	02/04	4.750	98.5530	5.09	+0.04	+0.04	-	-0.64
	11/08	4.750	96.8874	5.20	+0.04	+0.04	-	-0.54
	02/29	5.250	95.6857	5.55	+0.03	+0.03	-0.01	-0.44

London closing * New York mid-day. Source: Interactive Data/FT Information
Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

10 YEAR BENCHMARK SPREADS

Apr 22	Bid Yield	Spread vs Euros	Spread vs T-Bonds		Bid Yield	Spread vs Euros	Spread vs T-Bonds
Australia	5.33	+1.50	+0.13	Netherlands	3.95	+0.12	-1.25
Austria	4.00	+0.17	-1.20	New Zealand	5.72	+1.89	+0.52
Belgium	4.12	+0.29	-1.08	Norway	4.66	+0.83	-0.54
Canada	5.12	+1.29	-0.08	Portugal	4.09	+0.26	-1.11
Denmark	4.20	+0.37	-1.00	Spain	4.06	+0.23	-1.14
Finland	4.04	+0.21	-1.16	Sweden	4.22	+0.39	-0.98
France	3.95	+0.12	-1.25	Switzerland	2.45	-1.38	-2.75
Germany	3.83	-	-1.37	UK	4.58	+0.75	-0.62
Greece	5.88	+2.05	+0.68	US	5.20	+1.37	-
Ireland	3.93	+0.10	-1.27				
Italy	4.08	+0.25	-1.12				
Japan	1.45	-2.38	-3.75				

Source: Interactive Data/FT Information. London closing. * New York closing. Annualised yield basis.

EMERGING MARKET BONDS

Apr 22	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd vs US
EUROPE								
Croatia	02/02	7.000	BBB-	92.3500	10.17	+0.03	+1.28	+5.15
Poland	07/04	7.125	BBB-	104.0000	6.19	+0.05	-0.12	+1.10
Russia	06/07	10.000	n/a	37.0300	32.18	-1.22	-8.28	+27.02
LATIN AMERICA								
Argentina	09/27	9.750	BB	87.8900	11.14	-0.02	-0.44	+5.62
Brazil	05/27	10.125	B+	80.7500	12.64	+0.04	-2.15	+7.12
Mexico	05/26	11.500	BB	118.4000	9.58	-0.02	-0.65	+4.08
ASIA								
China	07/06	7.750	BBB+	104.3750	6.96	+0.02	-0.48	+1.83
Philippines	10/16	8.750	BB+	97.5000	9.04	-0.08	-0.30	+3.72
Thailand	04/07	7.750	BBB-	103.4000	7.18	+0.03	-0.23	+2.02
AFRICA/MIDDLE EAST								
Lebanon	07/00	9.125	BB-	102.9487	6.55	-0.05	-1.51	+1.59
South Africa	10/06	8.375	BB+	102.0186	8.01	+0.06	-0.87	+2.88
Turkey	09/07	10.000	B	94.7500	10.96	-0.08	-0.58	+5.80
BRADY BONDS								
Argentina	03/23	5.750	BB	71.7500	8.86	+0.08	-0.27	+3.41
Brazil	04/14	5.000	B+	70.5000	11.88	-0.02	-2.00	+6.59
Mexico	12/19	6.250	BB	81.1250	8.15	-0.02	-0.30	+2.77
Venezuela	03/20	6.750	B+	74.1250	9.65	-0.23	-1.38	+4.26

London closing. Prices in US$. Standard & Poor's ratings. Source: Interactive Data/FT Information.

BOND FUTURES AND OPTIONS

France

NOTIONAL EURO BOND FUTURES (MATIF) €100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	96.18	96.29	-	96.47	96.18	22,889	87,705
Sep	-	96.11	-	-	-	-	0

LONG TERM EURO BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Jul	Puts May	Puts Jun	Puts Jul
93	3.29	3.31	-	-	0.03	-
94	2.29	2.36	-	-	0.08	-
95	1.33	1.50	-	0.01	0.34	-
96	0.52	0.80	-	0.10	0.74	-

Est. vol. total, Calls 0 Puts 0 Previous day's open int., Calls 7,459 Puts 7,101 .

Germany

NOTIONAL EURO BUND FUTURES (EUREX) €100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	115.67	115.56	-0.17	115.89	115.55	450,588	576,698
Sep	115.74	115.57	-0.15	115.87	115.59	1,099	27,439

NOTIONAL EURO BUND (BOBL) FUTURES (EUREX) €100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109.68	109.64	-0.08	109.78	109.63	123,213	239,880

Italy

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	114.66	114.69	-0.07	114.89	114.60	6382	36873

Spain

NOTIONAL SPANISH BOND FUTURES (MEFF) €100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	99.05	99.04	-0.08	99.23	99.00	11,111	19,049

UK

NOTIONAL 5 YEAR GILT FUTURES (LIFFE) £100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		107.78	-0.17			0	0
Sep		107.78	-0.17			0	0

NOTIONAL UK GILT FUTURES (LIFFE)* £100,000 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	117.32	116.93	-0.40	117.48	116.84	16622	79498
Sep		116.63	-0.40			0	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

LONG GILT FUTURES OPTIONS (LIFFE) £100,000 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11600	1.35	1.97	0.42	1.34
11650	1.01	1.70	0.58	1.57
11700	0.76	1.46	0.83	1.83
11750	0.55	1.25	1.12	2.12
11800	0.35	1.05	1.42	2.42
11850	0.26	0.88	1.83	2.75

Est. vol. total, Calls 610 Puts 987. Previous day's open int., Calls 18359 Puts 13717

US

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	122-00	121-31	-0-03	122-02	121-25	219,869	574,132
Sep	121-13	121-17	-0-02	121-18	121-12	536	39,648
Dec	-	121-00	-	-	-	277	4,291

Japan

NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	135.06	135.22		135.30	135.06	1481	n/a
Sep		134.35				0	n/a

Euro

€ BOND FUTURES (MATIF) €100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	109.40	109.22	+0.02	109.40	109.40	1	20

NOTIONAL EFB SWAP FUTURES (LIFFE)* 5yr 4.0% €100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		102.42	+0.01			0	314

NOTIONAL EFB SWAP FUTURES (LIFFE)* 10yr 4.5% €100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		102.06	-0.06			0	367

* Traded on APT prior to listing on LIFFE CONNECT™ on 10/5/99. All open interest figs. are for previous day.

INTEREST RATE SWAPS

Apr 22	Euro-€ Bid	Euro-€ Ask	£ Stlg Bid	£ Stlg Ask	SwFr Bid	SwFr Ask	US $ Bid	US $ Ask	Yen Bid	Yen Ask
1 year	2.69	2.72	5.37	5.40	1.15	1.19	5.24	5.27	0.18	0.21
2 year	2.82	2.86	5.42	5.45	1.40	1.48	5.44	5.47	0.26	0.29
3 year	3.00	3.04	5.47	5.51	1.69	1.77	5.56	5.59	0.43	0.46
4 year	3.20	3.24	5.45	5.49	1.95	2.03	5.64	5.67	0.62	0.65
5 year	3.40	3.44	5.40	5.44	2.19	2.27	5.71	5.74	0.84	0.87
6 year	3.60	3.64	5.36	5.40	2.41	2.49	5.76	5.79	1.05	1.08
7 year	3.79	3.83	5.34	5.38	2.62	2.70	5.82	5.85	1.25	1.28
8 year	3.96	4.00	5.33	5.37	2.81	2.89	5.87	5.90	1.45	1.48
9 year	4.10	4.14	5.33	5.37	2.98	3.06	5.91	5.94	1.60	1.63
10 year	4.20	4.24	5.33	5.37	3.13	3.21	5.95	5.98	1.73	1.76
12 year	4.37	4.41	5.34	5.39	3.36	3.46	6.04	6.07	1.96	1.99
15 year	4.57	4.61	5.35	5.40	3.62	3.72	6.13	6.17	2.20	2.24
20 year	4.81	4.85	5.35	5.40	3.87	3.97	6.21	6.24	2.39	2.43
25 year	4.93	4.97	5.34	5.41	3.98	4.08	6.21	6.24	2.44	2.48
30 year	4.98	5.02	5.34	5.41	4.07	4.17	6.21	6.24	2.49	2.55

Bid and ask rates as of close of London business. US $ is quoted annual money actual/360 basis against 3 months Libor. £ and Yen quoted on a semi-annual actual/365 basis against 6 months Libor. Euro/Swiss Franc quoted on annual bond 30/360 basis against 6 months Euribor/Libor with the exception of the 1 year rate which is quoted against 3 month Euribor/Libor. Source: Intercapital Europe Limited.

US CORPORATE BONDS

Apr 22	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
UTILITIES								
Pac Bell	07/02	7.25	AA-	104.5597	5.85	+0.01	-0.12	+5.85
NY Tel	08/25	7.00	A+	98.6099	7.11	-	+0.01	+1.60
CWE	05/08	8.00	BBB	112.7343	6.14	+0.01	-0.10	+0.99
FINANCIALS								
GECC	05/07	8.75	AAA	117.9366	5.92	+0.01	-0.05	+0.77
Banc One	08/02	7.25	A	104.2550	5.79	+0.02	-0.09	+5.79
CNA Fin	01/18	6.95	A-	95.7449	7.37	+0.01	-0.20	+1.86
INDUSTRIALS								
WMX Tech	04/99	6.25	BBB+	100.0000	5.39	-0.14	-0.33	+0.91
Wal Mart	05/02	6.75	AA	103.8124	5.37	+0.02	-0.11	+5.37
Dayton Hud	08/21	9.70	A-	133.1231	6.78	-	-0.10	+1.27
AGENCIES								
FHLMC	04/07	7.14	N/A	108.5940	5.77	-	+0.03	+0.62
SLMA	03/00	7.50	N/A	102.0356	5.08	-0.03	-0.05	+0.64
FNMA	02/18	8.95	N/A	132.0844	6.06	-	-0.07	+0.55
FFCB	06/06	8.95	N/A	118.9713	5.86	-	-0.06	+0.51
HIGH YIELD								
Stone Cont	02/01	9.88	B	101.8750	0.00	-	-	-
AK Stl	12/01	9.13	BB-	106.2500	0.00	-	-	-
Pacalta	06/04	10.75	B-	98.0000	0.00	-	-	-

NY latest. Standard & Poor's ratings. Yields: semi-annual basis. Source: Interactive Data/FT Information.

US INTEREST RATES

Latest — *Treasury Bills and Bond Yields*

		One month	-	Two year	5.01
Prime rate	7¾	Two month	-	Three year	5.01
Broker loan rate	6½	Three month	4.38	Five year	5.08
Fed.funds	4⅝	Six month	4.54	10-year	5.19
Fed.funds at intervention	-	*One year*	*4.68*	*30-year*	*5.54*

INTERNATIONAL BONDS

Apr 22	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
$								
EIB	04/07	7.250	AAA	108.6679	5.86	+0.07	-0.01	+0.70
ABN Amro	06/07	7.125	AA-	104.1466	6.45	+0.06	+0.01	+1.29
Quebec	01/07	7.000	A+	105.5475	6.09	+0.03	+0.02	+0.93
Citicorp FRN	02/04	5.066	AA-	99.2183	5.25	+0.06	-	+0.16
C$								
Bayer L-Bk	08/04	9.500	AAA	117.8405	5.51	+0.02	-0.13	+0.22
Toronto (M of)	05/04	8.500	AA+	113.0674	5.48	+0.02	-0.14	+0.19
Bell Canada	07/99	10.625	A+	101.0649	5.22	+0.01	-0.25	+1.27
Deutsche B FRN	09/02	5.875	AA+	100.6182	5.67	+0.02	+0.01	+0.53
£								
EIB	12/07	7.625	AAA	115.8400	5.28	+0.06	+0.04	+0.57
Dresdner Bk	12/07	7.750	AA-	110.8902	6.06	+0.05	+0.11	+1.37
British Gas	03/00	7.625	A+	101.7700	5.58	-	+0.10	+0.53
Abbey Nat FRN	02/02	5.587	AA	99.9436	5.09	+0.05	+0.22	+0.20
SFR								
EIB	01/08	3.750	AAA	103.9754	3.22	+0.02	+0.01	+0.94
Brit Columbia	02/02	3.250	AA	104.0621	1.76	+0.01	-0.19	+0.22
Hydro-Quebec	05/01	6.750	n/a	108.8207	2.33	+0.01	-0.28	+1.03
Gen Elect.	09/01	1.280	n/a	99.7289	1.31	+0.01	-0.25	+0.01
YEN								
IBRD (World Bk)	03/02	5.250	AAA	114.2345	0.31	-0.01	-0.16	-
Spain (Kingdom)	03/02	5.750	AA+	115.6783	0.32	-0.02	-0.17	+0.01
Cred Foncier	08/02	4.750	A	112.7112	0.81	-0.02	-0.13	+0.50
Italy (Rep of)	07/99	0.518	AA	100.0094	0.07	-	-0.17	+0.01
A$								
IBRD (World Bk)	02/08	6.000	AAA	103.3537	5.51	+0.05	-0.23	+0.21
Nw Sth Wales Tr	05/06	6.500	n/a	105.3124	5.57	+0.05	-0.22	+0.37
S. Aus Gov Fin	06/03	7.750	AA	108.1078	5.51	+0.03	-0.25	+0.55
GMAC Aust	05/01	9.000	n/a	107.0783	5.29	+0.03	-0.29	+0.54

London closing. Standard & Poor's ratings. Yields: Local market standard/Annualised basis. Source: Interactive Data/FT Information

UK BONDS

FTSE Actuaries Government Securities

Price Indices UK Gilts	Thu Apr 22	Day's chge %	Accrued interest	xd adj ytd	Total Return	Duration Yield	Duration Years	% Weight
1 Up to 5 years (15)	121.17	-0.11	2.86	2.25	1208.90	4.88	2.28	33.41
2 5-10 years (11)	169.83	-0.26	2.88	2.41	1334.59	4.70	5.80	29.35
3 10-15 years (7)	184.34	-0.45	2.46	2.85	1464.24	4.63	8.82	13.83
4 5-15 years (18)	174.04	-0.32	2.76	2.48	1368.81	4.67	6.69	43.18
5 Over 15 years (4)	231.14	-0.57	4.20	1.23	1579.75	4.59	11.79	22.62
6 Irredeemables (4)	321.67	-1.07	4.55	2.21	1880.62	4.70	21.46	0.79
7 All stocks (41)	165.46	-0.33	3.04	2.27	1359.35	4.68	8.46	100.00

UK Indices

Index-linked	Thu Apr 22	Day's chge %	Accrued interest	xd adj ytd	Total Return	% Weight
1 Up to 5 years (2)	223.36	-0.04	1.55	1.26	1176.67	14.71
2 Over 5 years (9)	264.43	-0.11	1.26	2.74	1439.58	85.29
3 5-15 years (5)	248.24	-0.09	1.29	2.32	1334.58	42.76
4 Over 15 years (4)	281.38	-0.13	1.21	3.20	1537.68	42.53
5 All stocks (11)	257.29	-0.10	1.31	2.48	1401.64	100.00

Yield Indices [illegible]

FT Fixed Interest Indices [illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

CURRENCIES & MONEY

Strauss-Kahn remarks fail to lift euro

MARKETS REPORT

By Christopher Swann and Alan Beattie

Supportive comments from France's finance minister failed to save the euro from another lifetime low yesterday as the market continued to brood over the crisis in Kosovo.

An overnight rally in the euro, on the back of remarks by Dominique Strauss-Kahn that the currency was nearing the lower end of its reasonable range, soon succumbed to heavy selling in the London session. In the absence of fresh economic data, markets focused on the mounting fears of a ground offensive in the Balkans.

Around the middle of the London session the euro hit a new low of $1.0564 before settling a fraction below yesterday's close at $1.060. It also edged lower against sterling.

Meanwhile some said that Alan Greenspan's appearance before a Senate committee examining dollarisation in Latin America drove home the euro's failure rapidly to emerge as a reserve currency.

■ The dollar rose back above Y120 against the yen yesterday as the suspicion increased that this was the favoured level of the Ministry of Finance.

A series of comments by ministry officials in recent days took on more importance yesterday as stories of a Y120 target circulated at the IMF meetings in Washington. This led some in the market to wonder whether the struggle to hold the yen down had intensified.

Steve Hannah, chief international economist at IBJ International, said that the past week had seen a "gathering campaign" to damp down yen strength. "It started with [vice-finance minister] Sakakibara and now others have joined in," he said.

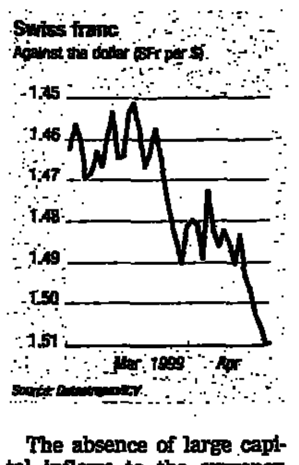
But the failure of the dollar to breach key resistance levels at Y120.40 meant that much of the its gains in Asian trading were reversed. It closed at the end of the London session at Y119.6. The market clearly had no interest in whipping up talk of more instability in the dollar-yen rate, with option volatilities continuing to dip below the 14 per cent level.

"The market's attention on volatility plays has shifted much more to the euro," said Mr Hannah.

■ The Swiss franc eased against the dollar yesterday, confirming its failure to act as a safe haven during the Kosovan war.

Swiss franc

Against the dollar (SFr per $)



Source: Datastream/ICV

The absence of large capital inflows to the currency since the start of the Kosovo crisis, and its sustained slide against the dollar, has prompted some to comment that its traditional role may be changing.

"Early safe haven flows quickly receded," said David Bloom, currency strategist at HSBC in London. Strong indications that the central bank would not tolerate a sharp appreciation, he added, may have repelled these flows.

Earlier this month the Swiss central bank moved swiftly to stifle any rise in the currency by lowering interest rates within half an hour of the ECB rate cut.

Chris Furness, chief currency analyst at the economic consultancy 4Cast said that carry trading based on the very low interest rates in Switzerland was offsetting the safe haven effect.

"Carry trades are more significant than the central bank have acknowledged and are supported by the conviction that monetary authorities will seek to prevent any appreciation," he said.

■ Most emerging market east Asian currencies fell in sympathy with the yen yesterday.

But most analysts continued to speak of a decoupling of these currencies from the yen. Inflows of capital, as funds rebuild their equity positions in the region, have caused a sharp upswing despite the relative fragility of the yen in the past few weeks. "Although they have moved in parallel over the past few days the link seems to be fraying," argued Derek Halpenny, currency economist at Bank of Tokyo-Mitsubishi in London. "Progress in Thailand and Korea towards restructuring has weakened the correlation with the yen." Despite the yen's fall, the Thai baht strengthened yesterday, rising to Bt37.5550 against the dollar in Asian trading.

■ POUND IN NEW YORK

Apr 22	—Latest—	— Prev. close —
£ spot	1.6125	1.6066
1 mth	1.6119	1.6059
3 mth	1.6113	1.6055
1 yr	1.6115	1.6060

■ OTHER CURRENCIES

Apr 22	£	$
Czech Rp	57.6087 - 57.6901	35.7840 - 35.7990
Hungary	380.084 - 380.572	235.960 - 236.180
Iran	4834.50 - 4832.40	3000.00 - 3000.00
Kuwait	0.4919 - 0.4926	0.3054 - 0.3057
Peru	5.3833 - 5.3889	3.3420 - 3.3440
Poland	6.4835 - 6.4903	4.0250 - 4.0275
Russia	40.1895 - 40.3681	24.9500 - 25.0500
U.A.E.	5.9158 - 5.9192	3.6726 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. index
Europe													
Austria*	(Sch)	20.9219	+0.0813	124 - 314	20.9324	20.7477	20.8741	2.7	20.7835	2.6	20.3956	2.5	102.2
Belgium*	(BFr)	61.3350	+0.2385	072 - 628	61.3660	60.8240	61.1947	2.7	60.9293	2.6	59.7922	2.5	101.5
Denmark	(DKr)	11.2998	+0.0398	933 - 063	11.3069	11.2060	11.2788	2.3	11.2379	2.2	11.0629	2.1	104.6
Finland*	(FM)	9.0402	+0.0351	361 - 443	9.0450	8.9650	9.0195	2.7	8.9804	2.6	8.8128	2.5	80.3
France*	(FFr)	9.9736	+0.0388	690 - 781	9.9785	9.8905	9.9507	2.7	9.9078	2.6	9.7226	2.5	104.7

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria*	(Sch)	12.9657	+0.0134	828 - 888	13.0244	12.9144	12.9609	2.3	12.9098	2.3	12.6665	2.5	101.9
Belgium*	(BFr)	38.0881	+0.0395	601 - 781	38.1830	37.8600	37.9963	2.3	37.8466	2.3	37.1334	2.5	101.7
Denmark	(DKr)	7.0135	+0.0047	110 - 160	7.0369	6.9775	7.0029	1.8	6.9805	1.9	6.8705	2.0	103.8
Finland*	(FM)	5.6111	+0.0059	097 - 124	5.6278	5.5802	5.6004	2.3	5.5783	2.3	5.4732	2.5	79.8
France*	(FFr)	6.1904	+0.0065	889 - 918	6.2088	6.1563	6.1785	2.3	6.1542	2.3	6.0363	2.5	104.2

[illegible]

WORLD INTEREST RATES

MONEY RATES

Apr 22	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Euro-zone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.50	3.00
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	5	[illegible]	-	4.50	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR BBA London								
Interbank Fixing	-	[illegible]	5	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	4.74	4.76	4.80	4.95	-	-	-
Euro Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
BBA Euro Libor	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
Euro Euribor	-	2.577	2.596	2.613	2.685	-	-	-
EONIA	2.47	-	-	-	-	-	-	-
EURONIA	2.4656	-	-	-	-	-	-	-

London Interbank fixing rate (LIBOR) is the BBA London rate, fixed at 11am. Mid rates are shown for the domestic Money Rates, US$ CDs, Euro & SDR Linked Deposits (Ds)

INTERNATIONAL CURRENCY RATES

Apr 22	Short term	7 days notice	One month	Three months	Six months	One year
Euro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	1 - [illegible]	[illegible]	[illegible] - 1	[illegible]	[illegible]

■ THREE MONTH EURIBOR FUTURES (MATIF) Paris Interbank offered rate

[illegible]

■ THREE MONTH EURIBOR FUTURES (LIFFE) €1m 100 - rate

[illegible]

■ THREE MONTH EURO LIBOR FUTURES (LIFFE) €1m 100 - rate

[illegible]

■ EURIBOR OPTIONS (LIFFE) €1m 100 - rate

[illegible]

■ THREE MONTH EURO LIBOR OPTIONS (LIFFE) €1m 100 - rate

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m 100 - rate

[illegible]

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m 100 - rate

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr1m 100 - rate

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
99250	0.020	0.040	0.030	0.270	0.370	0.640
99375	0.005			0.380		

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 6420 Puts 8423

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

[illegible]

■ D-MARK FUTURES (CME) DM 125,000 per DM

[illegible]

■ JAPANESE YEN FUTURES (CME) Yen 12.5m per Yen 100

[illegible]

■ SWISS FRANC FUTURES (CME) SFr 125,000 per SFr

[illegible]

■ STERLING FUTURES (CME) £62,500 per £

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS			PUTS		
0.540	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
0.545	0.41	0.70	0.98	0.55	0.76	0.93
0.550	0.24	0.50	0.75	0.87	1.07	1.21

Previous day's vol., Calls 0 Puts 25 . Prev. day's open int., Calls 166 Puts 555

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
94750	0.110	0.215	0.225	0.050	0.135	0.345
94875	0.050			0.125		
95000	0.025	0.095	0.130	0.225	0.265	0.500
95125	0.020			0.345		
95250	0.010	0.040	0.070	0.460	0.460	0.690
95375	0.005			0.580		

Est. vol. total, Calls 11588 Puts 35298. Previous day's open int., Calls 499541 Puts 537161

■ THREE MONTH EURODOLLAR (CME) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.00	94.99	-0.01	95.01	95.00	19,448	457,056
Sep	94.92	94.90	-0.02	94.92	94.89	54,331	522,472
Dec	94.65	94.64	-0.01	94.65	94.62	23,235	383,353

■ US TREASURY BILL FUTURES (CME) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	-	-	-	-	-	10	1,312

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Exeter Trust Limited	6.25	Smith & Williamson	5.25
Allied Irish Bank (GB)	5.25	●Robert Fleming & Co	5.25	Sun Bank	5.25
●Henry Ansbacher	5.25	Habib Bank AG Zurich	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	Heritable & Gen Inv Bk	5.50	United Bank of Kuwait	5.50
Bank of Cyprus	5.25	C. Hoare & Co	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●SG Hambros Bank & Trust	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Hongkong & Shanghai	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	Investec Bank (UK) Ltd	5.25		
Barclays Bank	5.25	Julian Hodge Bank	5.25		
Brit Bk of Mid East	5.25	●Leopold Joseph & Sons	5.25		
●Brown Shipley & Co Ltd	5.25	Lloyds Bank	5.25		
Citibank NA	5.25	Midland Bank	5.25		
Clydesdale Bank	5.25	NatWestminster	5.25		
The Co-operative Bank	5.50	●Rea Brothers	5.25		
Coutts & Co	5.25	Royal Bk of Scotland	5.25		
Cyprus Popular Bank	5.25	Scottish Widows Bank	5.50		
Duncan Lawrie	5.25	●Singer & Friedlander	5.25		

● Members of London Investment Banking Association

Sharp rise in Indian oil seed prices

By Kunal Bose in Calcutta

The withdrawal of Indian farmers from the mustard seeds market has seen the price of seeds rise to Rs15,000 ($351) a tonne from Rs11,000 in one month. At this time last year, Indian mustard seeds sold for Rs22,000 a tonne.

India, which is one of the world's largest producers of rape seed mustard, has harvested a crop of nearly 6m tonnes in the current season, which runs from November to October, against 4.5m tonnes in 1997-98. Last year's crop was hit by rain in the winter months.

The northern Indian state of Rajasthan has lifted its crop to 2.5m tonnes from 1.7m tonnes last year. However, farmers there are refusing to sell at market if prices do not match their expectations.

Their firmness has taken oil seed trade officials by surprise. "We are seeing the improved holding capacity of farmers. They are giving a message to the government that they must not suffer because of the liberal import policy and a bumper oil seeds crop," said Ashok Sethia, president of Eastern India Oil Industry & Trade Association.

According to the Central Organisation for Oil Industry & Trade, total production of the nine main oil seeds in the current season will be 22.6m tonnes against 20.58m tonnes last year. The estimate *does not include 4.38m* tonnes of cotton seeds and 750,000 tonnes of copra, both important sources of oils for the Indian market.

"The winter production of sunflower, rape seed and mustard was good. But soyabean is an entirely summer crop, so also is castor seed. We harvest the major part of groundnut during the summer. The monsoon will be an important determinant of the size of the summer crop since only 25 per cent of 26.5m hectares under oil seeds has irrigation facilities. Oil seeds here are also quite vulnerable to pests and diseases. Therefore, the final crop may be different from what has been forecast," said Mr Sethia.

India is the world's fourth largest producer of oil seeds after the US, China and Brazil, and its crop has a big bearing on world prices.

Trade officials say prices will remain under pressure as the US Department of Agriculture has forecast a record world crop of 288m tonnes in 1998-99.

A marginal fall in the production of soyabean and cotton seed will be more than made up by rises in supply of groundnut, sunflower and rape seed.

The price of refined palmolein, which constitutes the majority of oil imports, fell from $575 a tonne to $472 over the past three months.

Taking advantage of low world prices, Indian trading houses are importing large amounts of oils.

India imported nearly 1m tonnes of oils in the first four months of this season. Last year it imported 2.2m tonnes. Imports are likely to be 2.5m tonnes in 1998-99.

Recent rally in crude oil continues

MARKETS REPORT

By Paul Solman, Gillian O'Connor and Robert Corzine

The recent crude oil rally continued yesterday with the bellwether June Brent futures contract rising to levels last seen in January last year.

In late trading on London's International Petroleum Exchange, June Brent was quoted at $16.15 a barrel, up 26 cents on Wednesday's close, as traders reacted to strong buying on the New York Mercantile Exchange. In early afternoon trading in New York the Nymex front month futures contract was up 26 cents to $18.18 a barrel.

In contrast, soft commodity futures had another dismal day with sugar and cocoa falling to new lows.

May cocoa plunged £31 or 4 per cent on the London International Financial Futures and Options Exchange to close at £710 a tonne, another six-year low.

August white sugar was $168.40 a tonne in late trading on Liffe, down $3.50 on the day, while the July raw *sugar slipped to a 13-year* low of 4.45 cents a pound in afternoon trading on New York's Coffee, Sugar and Cocoa Exchange.

There were no big movements on the London Metal Exchange yesterday. Much of the interest centred on whether the three-month copper price would break decisively through $1,550 per tonne.

Buying by US fund and commission houses pushed it temporarily through this barrier, reported Rudolf Wolff, but it crumbled to $1,545 by the unofficial close.

It also noted that, as suspected, the closure of the Highland Valley copper mine in British Columbia, scheduled for May 15, may yet be averted.

Usinor plant to concentrate on Mediterranean market

The French group's acquisition policy has had an important knock-on effect on its Marseilles complex, writes **David Owen**

Size counts at Fos-sur-Mer, the sprawling steel complex near Marseilles in southern France owned by Usinor, the French steelmaker.

The two 80m-high blast furnaces each pump out 7,000 tonnes a day of molten pig iron, which is then taken the short distance to a steel works big enough to accommodate Paris's Notre Dame cathedral.

All told, the French company produced 16.4m tonnes of steel in 1998, a figure that would have risen to 21m tonnes including the newly acquired Cockerill output and excluding special steels.

To put that in context, European Union crude steel production edged up to 160.1m tonnes last year from 159.9m in 1997 and of that France produced 20.2m tonnes, up 2.2 per cent on output in 1997.

The 25-year-old Fos plant employs about 3,500 people and generates annual turnover of about FFr10bn ($1.6bn) for Usinor, equivalent to one-seventh of total group sales in 1998 of FFr71.8bn. It produces about 4.5m tonnes a year of hot rolled coil.

Heavy industry, in short, simply does not come any heavier. However, even giants sometimes need to adapt and Usinor's recent international expansion drive – including last year's acquisition of a majority stake in Cockerill Sambre of Belgium – is having important knock-on effects for Fos, located several hundred kilometres away from the main Cockerill installation.

In a nutshell, the French company's BFr26bn ($684m) purchase, which created Europe's largest maker of crude steel, with about 14 per cent of the European market, should free Fos to concentrate on supplying what might be called its "natural" market in the Mediterranean basin to a considerably greater extent than hitherto.

"The weight of Usinor on the Mediterranean market will increase considerably," says an official. "The idea is to use Fos entirely for the Mediterranean for logistical reasons." Last year, Fos produced about 3.9m tonnes of carbon steel and 500,000 tonnes of stainless steel, with about 65 per cent, or 2.5m tonnes, of carbon steel shipped to Mediterranean basin markets.

By 2001, the aim is to lift carbon steel output to 5m tonnes, with 80 per cent, or 4m tonnes, sent to the Mediterranean basin.

This will be achieved, for the most part, by two important changes.

First, the Cockerill deal will enable Fos to stop sending 700,000 tonnes a year of steel slabs to Florange in Lorraine, eastern France, by train. This material will instead be supplied by the Belgian company's Liège works.

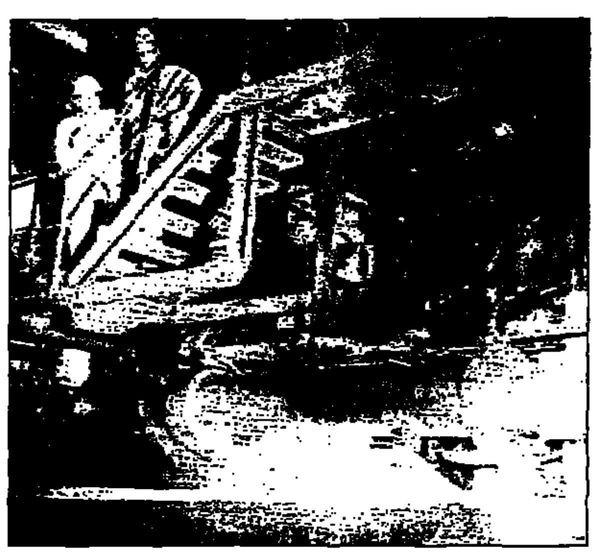
Second, Fos is to stop laminating 500,000 tonnes a year of stainless steel slabs produced by another Usinor plant in Ardoise, central France, for shipment to a third Usinor factory in Burgundy.

Stainless steel lamination is slower, tonne-for-tonne, than carbon steel processing, so this will free up another 800,000 tonnes a year of flat carbon steel capacity at Fos that can be earmarked for the Mediterranean basin.

The main area to which Usinor, in turn, is aiming to increase supplies is Sagunto in Spain, where a new galvanising line, which is 75 per cent-owned by the company's Sollac carbon steel subsidiary, is due to start up in August to supply the local car industry.

By 2001, shipments from Fos to Sagunto should be moving, by sea, at an annual rate of 1.1m tonnes, against 400,000 tonnes at present.

Shipments to Usinor's flat products plant at La Magona in Italy are also expected to increase by something like 200 to 300,000 tonnes a year. The French company last year acquired virtually full ownership of La Magona by buying the 51 per cent it did not already own from Lucchini of Italy.



Fos-sur-Mer produced about 3.9m tonnes of carbon steel in 1998

NEWS DIGEST

MINING

Billiton to withdraw from early exploration stages

Mining group Billiton is effectively pulling out of the early stages of mining exploration. The company, which has already set up an exploration office in Vancouver – home to many exploration companies – and has completed joint venture agreements with several explorers, argues that this is a more economic way of finding new prospects than running a large exploration division. As a result of this reorientation, a number of exploration centres will be closed, and properties will be disposed of.

Steve Kessler, Billiton's new business and technology director, said: "There are three ways to approach new projects: exploration, acquisition or using new technology to develop existing deposits. The hit rate on exploration is very low. Perhaps only one out of a hundred get to the stage of a pre-feasibility study."

Billiton reckons it makes more sense to allow the junior exploration companies – of which there are around 1,400, most specialising in particular niches – to do the initial work. It will become involved only when the project needs development and finance. It is also enthusiastic about developing known deposits that have technical problems, through, for example, its expertise in "bio-leaching".

Nigel Keiser of J.P. Morgan said yesterday that Billiton's new strategy is an extension of an existing trend. Some companies such as the Canadian Teck Corporation, have long worked more like venture capitalists.

Gillian O'Connor, London

Normandy 'to double reserves'

Normandy Mining, Australia's largest gold producer, said yesterday increased production from existing resources in Australia and overseas would more than double the *company's gold reserves within the next two years* to about 25.5m ounces from 10.8m ounces.

Normandy also said it was finalising a joint takeover of Great Central Mines, Australia's second largest gold producer in which it previously *held a 28 per cent stake*. The move followed a complex joint takeover bid by Normandy and a family-owned company of Joseph Gutnick, GCM's chairman and founder. The companies made their tandem bid through their jointly-owned company, Yandal Gold.

The GCM takeover would drive Normandy further up the ranks of the world's top 10 gold producers, where it is 9th or 10th *with an annual output of nearly 1.5m ounces*. GCM last year produced about 780,000 ounces. The deal also highlights a growing wave of consolidation in Australia's resources industry, as producers scramble to cut costs to cope with the downturn in commodity prices.

Yandal Gold would move to compulsory acquisition of GCM after reaching well beyond the 75 per cent acceptance threshold for its A$1.50 a share cash offer for GCM, Normandy officials said. The takeover would proceed despite objections by the Australian Securities and Investments Commission, the securities watchdog body, which *will question the bid in court next month*.

Robert Champion de Crespigny, Normandy's executive chairman, said GCM would "basically disappear" and report as Yandal Gold, in a venture that would emphasise further exploration in the gold-rich Yandal region of Western Australia. Gwen Robinson, Sydney

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1296.5-7.5	1320-1
Previous	1286-89	1312-13
High/low		1325/1317
AM Official	1301-1.5	1324.5-25.0
Kerb close		1315.5-7.0
Open int.	305,033	
Total daily turnover	68,113	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1173-8	1193-5
Previous	1168-73	1188-90
High/low		1195/1193
AM Official	1177-80	1194-96
Kerb close		1190-95
Open int.	9,104	
Total daily turnover	1,146	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	525.5-6.5	531-2
Previous	519-20	527-7.5
High/low		535/530
AM Official	528-28.5	532-33
Kerb close		530-1
Open int.	39,686	
Total daily turnover	8,163	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5120-30	5200-5
Previous	5040-50	5120-25
High/low		5220/5130
AM Official	5070-75	5155-60
Kerb close		5180-90
Open int.	72,285	
Total daily turnover	18,384	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5410-20	5435-45
Previous	5365-70	5390-95
High/low		5460/5425
AM Official	5410-15	5435-40
Kerb close		5460-65
Open int.	20,717	
Total daily turnover	6,638	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1027-8	1047-8
Previous	1011-12	1032-33
High/low		1058/1045
AM Official	1029-29.5	1049-49.5
Kerb close		1045-6
Open int.	93,035	
Total daily turnover	26,219	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1522-3	1552-3
Previous	1493-94	1523-24
High/low		1558/1532
AM Official	1519-20	1549-49.5
Kerb close		1544-5
Open int.	181,285	
Total daily turnover	65,526	

■ LME AM Official £/$ rate: 1.6065
LME Closing £/$ rate: 1.6120

Spot: 1.6122 3 mths: 1.6111 6 mths: 1.6109 9 mths: 1.6112

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	70.30	+1.40	70.40	69.00	227	328
May	70.55	+1.45	70.60	68.60	6,103	22,519
Jun	71.00	+1.40	71.00	69.50	336	2,391
Jul	71.45	+1.45	71.80	69.80	4,321	23,880
Aug	71.85	+1.45	71.70	71.70	12	-
Sep	72.15	+1.40	72.50	70.70	177	5,671
Total					11,646	70,522

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz)	$ price	£ equiv	SFr equiv
Close	283.00-283.50		
Opening	283.20-283.50		
Morning fix	283.350	176.454	266.407
Afternoon fix	283.400	176.101	267.535
Day's High	283.70-284.00		
Day's Low	282.80-283.10		
Previous close	283.70-284.20		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.26	6 months	4.12
2 months	4.21	12 months	3.70
3 months	4.19		

Silver Fix	p/troy oz.	US cts equiv.
Spot	320.828	515.250

Silver Lending Rates

1 month	2.00	6 months	1.00
2 months	1.65	12 months	0.35
3 months	1.30		

Gold Coins	$ price	£ equiv.
Krugerrand	285-289	178-179
New Sovereign	67-71	41-43

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	283.9	-0.1	284.2	284.2	12	82
May	284.3	-0.3			-	47
Jun	285.2	-0.3	285.4	284.3	18,005	124.6k
Aug	287.1	-0.4	287.2	286.4	149	10,360
Oct	289.1	-0.3	288.6	288.6	29	4,094
Dec	291.0	-0.3	291.2	290.3	1,263	15,883
Total					20,605	195,870

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	356.6	-4.2	360.0	359.0	12	12
Jul	357.6	-4.2	361.0	354.2	734	9,261
Oct	358.6	-4.4	360.0	357.5	56	1,375
Jan	359.3	-4.4	-	-	1	140
Total					800	10,890

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	371.15	-5.75	372.00	365.20	216	2,636
Sep	367.15	-4.75	-	-	26	286
Dec	360.15	-4.75	-	-	-	126
Mar	357.15	-4.75	-	-	-	15
Total					242	3,063

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	518.3	+1.2	-	-	14	36
May	518.7	+1.2	520.0	509.0	8,565	28,042
Jul	519.2	+1.2	523.0	511.0	4,153	30,169
Sep	520.7	+1.0	524.5	515.0	128	6,399
Dec	522.3	+1.0	524.0	515.0	406	10,462
Jan	521.7	+1.0	-	-	-	16
Total					13,384	84,885

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	18.18	-	18.22	17.75	90,512	172.7k
Jul	17.86	-0.06	17.88	17.50	41,531	81,379
Aug	17.59	-0.08	17.60	17.30	12,416	42,738
Sep	17.28	-0.13	17.28	17.05	6,379	24,964
Oct	17.00	-0.17	17.00	16.85	3,550	23,986
Nov	16.85	-0.09	16.85	16.65	804	24,161
Total					180,910	892,533

■ CRUDE OIL IPE ($/barrel)

	6pm price	Day's change	High	Low	Vol	Open int
Jun	16.20	+0.31	16.20	15.78	19,700	110.9k
Jul	15.95	+0.25	15.95	15.56	11,830	52,809
Aug	15.75	+0.21	15.75	15.43	2,881	22,545
Sep	15.50	+0.10	15.50	15.35	441	14,025
Oct	15.55	+0.28	15.55	15.29	208	8,386
Nov	15.17	+0.02	15.18	15.12	1,404	5,323
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	44.20	+0.67	44.35	43.10	22,262	30,657
Jun	44.60	+0.64	44.70	43.55	16,151	33,302
Jul	44.85	+0.49	45.00	44.05	7,573	22,987
Aug	45.45	+0.59	45.45	44.75	2,638	17,588
Sep	45.40	-0.16	45.75	45.20	1,923	9,770
Oct	46.00	-	46.10	45.95	660	6,091
Total					55,861	176,842

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	132.75	+0.50	132.75	131.25	5,478	36,922
Jun	133.50	+0.25	133.75	132.50	4,767	25,627
Jul	134.50	-0.25	135.00	134.00	1,513	12,196
Aug	135.75	-	136.25	135.25	871	8,486
Sep	137.25	-0.25	137.75	136.75	484	7,624
Oct	138.50	-0.50	139.00	138.50	71	3,922
Total					15,000	144,891

■ NATURAL GAS IPE (1,000 therms; pence per therm)

May	9.240	-	9.250	9.230	460	1,760
Jun	9.210	-	-	-	-	1,615
Total					1,725	n/a

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
May	2.222	+0.052	2.230	2.176	30,243	49,052
Jun	2.255	+0.050	2.260	2.213	18,970	46,055
Jul	2.275	+0.055	2.275	2.235	5,046	24,913
Aug	2.280	+0.050	2.285	2.240	2,716	18,680
Sep	2.280	+0.040	2.285	2.247	2,048	21,377
Oct	2.300	+0.045	2.300	2.275	1,448	15,801
Total					59,110	328,318

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	53.15	+0.72	53.35	51.70	23,955	32,237
Jun	53.55	+0.74	53.70	52.20	17,670	32,797
Jul	53.45	+0.51	53.55	52.50	11,537	24,468
Aug	52.45	-0.14	52.88	52.25	2,222	7,946
Sep	52.10	+0.31	52.10	51.55	1,368	6,005
Oct	50.25	+0.01	50.25	50.25	62	2,880
Total					56,828	113,720

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	77.15	-0.35	77.75	77.25	115	1,496
Jul	78.15	-0.35	78.80	78.25	210	2,938
Sep	74.40	-0.80	-	-	-	168
Nov	76.50	-0.80	77.65	76.50	75	3,245
Jan	78.50	-0.70	79.50	78.50	30	635
Mar	80.00	-1.05	-	-	-	124
Total					430	8,645

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	257.25	-	261.00	256.50	2,195	24,385
Jul	267.50	-0.25	271.50	266.25	9,947	64,502
Sep	277.75	-1.25	281.50	277.75	625	7,432
Dec	292.75	-0.50	296.00	292.00	925	17,806
Mar	302.25	-1.25	306.00	302.00	234	4,033
May	308.50	-1.50	-	-	1	21
Total					14,062	118,636

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	219.50	-4.50	225.00	219.50	20,470	71,159
Jul	225.25	-4.25	231.00	225.00	27,679	129,862
Sep	231.25	-4.25	236.50	231.00	2,153	28,209
Dec	239.25	-4.00	244.00	239.00	10,724	90,970
Mar	248.75	-4.00	253.00	248.25	321	15,030
May	253.00	-3.75	257.00	253.00	17	1,530
Total					61,642	343,131

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	75.00	-0.25	75.10	75.00	50	81
Sep	73.00	-0.60	-	-	-	45
Nov	75.00	-0.60	75.00	75.00	10	447
Jan	77.00	-0.60	-	-	-	20
Mar	79.00	-0.60	-	-	-	-
Total					60	593

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	483.00	-10.75	498.50	482.00	7,885	39,571
Jul	491.75	-11.50	508.00	491.00	19,178	60,905
Aug	495.25	-11.00	511.00	495.00	1,065	16,253
Sep	498.00	-10.50	513.25	497.50	118	8,187
Nov	506.50	-12.00	522.50	505.50	2,988	40,952
Jan	518.50	-11.00	532.00	518.00	77	2,541
Total					31,397	171,337

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	19.95	-0.13	20.41	19.92	6,442	25,039
Jul	20.26	-0.11	20.72	20.21	11,021	47,092
Aug	20.40	-0.10	20.90	20.36	992	10,559
Sep	20.50	-0.13	20.80	20.50	209	8,121
Oct	20.65	-0.08	21.00	20.65	400	6,249
Dec	20.87	-0.12	21.34	20.85	1,689	24,495
Total					21,019	137,736

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	129.4	-4.0	134.0	129.6	10,451	31,282
Jul	131.1	-4.6	136.2	131.0	8,769	33,819
Aug	132.7	-4.2	137.7	132.6	955	12,333
Sep	134.3	-4.2	139.0	134.2	561	9,412
Oct	135.6	-3.9	140.3	135.7	210	5,740
Dec	138.8	-4.0	143.3	138.9	494	17,292
Total					21,476	111,695

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	160.0	+10.0	160.0	150.0	1	49
Jun	160.0	-	-	-	-	-
Nov	75.0	-	-	-	-	3
Mar	100.0	-	-	-	-	-
Apr	117.0	-6.0	120.1	115.5	80	358
Total					80	407

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	965	+17	965	950	33	1,000
May	975	+12	985	960	42	497
Jun	895	-5	-	-	-	6
Jul	875	-3	885	875	11	564
Oct	975	-	-	-	-	456
Total					[illegible]	[illegible]

	Close	Prev
BFI	841	821

PULP AND PAPER

■ PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	471.00	+2.00	471.00	470.00	20	567
Sep	485.50	-	-	-	-	172
Total					20	731

FUTURES DATA
All futures data supplied by CMS.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Apr 22	Apr 21	month ago	year ago
1342.9	1333.2	1331.7	1650.2

■ CRB Futures (Base: 1967 = 100)

Apr 21	Apr 20	month ago	year ago
191.99	190.09	-	-

■ GSCI Spot (Base: 1970 = 100)

Apr 21	Apr 20	month ago	year ago
157.24	155.54	149.27	169.06

■ LME WAREHOUSE STOCKS (tonnes)

Aluminium	-3,600	to	789,400
Aluminium alloy	-80	to	84,000
Copper	-1,250	to	741,150
Lead	-725	to	104,850
Nickel	-18	to	61,188
Zinc	-1,950	to	336,100
Tin	-60	to	8,970

Wool from Mallett & Co

The Australian market edged ahead again this week, with continued strength in finer merinos being the driving force. Softness among broader merinos and crossbreds initially pulled the market down before a subsequent recovery left the main (eastern) market indicator one cent higher for the week at 582kg. The northern market indicator gained 8 cents on the week, reflecting the inclusion of 19 micron and finer fleece wools in the offering at Sydney sales. In contrast the southern market indicator shed seven cents. The western market indicator closed three cents higher. There were no sales in New Zealand.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	711	-30	741	710	10,717	29,048
Jul	734	-29	763	733	4,664	21,362
Sep	757	-28	785	755	3,702	31,643
Dec	785	-28	813	785	3,190	28,845
Mar	811	-27	832	811	686	18,255
May	834	-27	857	834	524	16,855
Total					23,712	177,859

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	989	-54	1038	985	380	578
Jul	1030	-49	1075	1026	2,102	30,408
Sep	1063	-50	1103	1062	489	11,893
Dec	1106	-50	1150	1105	246	6,855
Mar	1148	-48	1191	1148	51	8,649
May	1175	-46	1217	1175	30	3,950
Total					3,298	63,825

■ COCOA (ICCO) (SDR's/tonne)

Apr 21	Price	Prev. day
Daily	881.83	881.55

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1472	-8	1479	1471	2,690	21,892
Jul	1466	-14	1479	1465	2,551	24,033
Sep	1476	-17	1490	1475	842	8,928
Nov	1489	-17	1503	1488	620	2,773
Jan	1490	-19	1507	1491	369	768
Mar	1493	-18	1505	1500	52	156
Total					12,483	43,457

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	96.95	-2.45	100.10	96.50	5,456	4,580
Jul	98.35	-2.95	101.90	98.10	5,681	23,088
Sep	100.25	-2.95	103.50	100.00	834	8,227
Dec	102.60	-2.85	105.90	102.50	355	4,748
Mar	104.50	-2.75	106.60	105.00	154	2,038
May	106.30	-2.65	109.00	106.50	2	324
Total					12,483	43,457

■ COFFEE (ICO) (US cents/pound)

Apr 21		Prev. day
Comp. daily	85.45	85.44
15 day average	86.77	87.20

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	168.2	-	172.7	168.2	1,712	25,904
Oct	171.2	-0.7	176.4	170.9	459	11,730
Dec	173.4	-2.4	179.4	175.0	121	5,646
Mar	180.6	+2.2	187.3	183.0	597	3,314
May	183.8	-3.5	188.0	188.0	3	1,562
Aug	184.3	-4.7	190.8	190.8	10	169
Total					2,802	48,325

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	4.78	-0.27	5.04	4.77	18,370	33,329
Jul	4.39	-0.13	4.52	4.38	21,242	90,515
Oct	4.78	-0.14	4.89	4.75	5,528	44,873
Mar	5.40	-0.17	5.57	5.40	2,383	23,962
May	5.54	-0.17	5.67	5.54	464	4,074
Jul	5.63	-0.17	5.77	5.72	348	2,572
Total					48,415	201,396

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	56.70	-0.55	57.75	56.60	5,271	8,122
Jul	57.74	-0.57	58.45	57.61	8,131	27,594
Oct	58.60	-0.25	58.87	58.30	131	2,164
Dec	58.87	-0.22	59.30	58.75	1,826	18,339
Mar	59.98	-0.22	60.25	60.00	167	3,719
May	60.63	-0.27	60.65	60.65	24	1,415
Total					15,550	62,810

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	87.00	-1.75	90.60	86.80	2,533	12,305
Jul	86.60	-2.30	90.70	86.15	3,023	9,931
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	65.550	-0.950	66.500	65.525	3,139	8,095
Jun	62.675	-0.825	63.575	62.650	4,947	48,352
Aug	61.825	-0.800	62.225	61.800	1,285	20,092
Oct	63.875	-0.800	64.450	63.800	633	13,678
Dec	65.750	-0.525	66.275	65.700	217	6,126
Feb	67.425	-0.350	67.750	67.400	82	2,428
Total					9,497	99,841

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	55.600	-0.125	56.250	55.275	4,282	19,036
Jul	57.200	+0.050	57.550	56.700	1,076	7,695
Aug	57.150	-0.175	57.850	57.050	608	7,644
Oct	55.100	-0.200	55.300	54.950	391	7,983
Dec	54.825	-0.350	55.125	54.750	274	4,179
Feb	57.750	-	57.775	57.450	25	761
Total					6,935	47,676

■ PORK BELLIES CME (40,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	54.550	+0.950	54.900	53.100	1,185	2,480
Jul	55.300	+0.600	55.850	54.300	605	2,076
Aug	54.250	+1.125	55.275	53.750	105	599
Feb	68.400	+0.800	67.000	68.500	18	24
Total					1,805	5,182

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	Jun	Sep	Jun	Sep
1250	73	100	11	25
1300	40	70	28	44
1350	18	46	56	69

■ COPPER (Grade A) LME

	Jun	Sep	Jun	Sep
1550	51	100	51	75
1600	30	76	81	101
1650	17	58	117	131

■ COFFEE LIFFE

	May	Jul	May	Jul
n/a	-	-	-	-
n/a	-	-	-	-
n/a	-	-	-	-

■ COCOA LIFFE

	May	Jul	May	Jul
750	3	25	12	41
775	1	16	34	57
800	1	10	59	76

■ BRENT CRUDE IPE

	Jun	Jul	Jun	Jul
1500	-	-	-	-
1550	-	-	38	-
1600	28	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$15.73-5.80	+0.23
Brent Blend (dated)	$16.23-6.27	+0.195
Brent Blend (Jun)	$16.18-6.22	+0.215
W.T.I.	$18.13-8.15	+0.24

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Unleaded Gasoline	$167-170	
Gas Oil	$132-134	+0.50
Heavy Fuel Oil	$71-73	
Naphtha	$142-144	
Jet fuel	$163-167	-2.5
Diesel	$144-145	+0.50

■ NATURAL GAS (Pence/therm)

Bacton (Apr)	9.20-9.25	

Petroleum Argus. Tel: London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$283.25	0.70
Silver (per troy oz)♣	515.25	+3.75
Platinum (per troy oz.)	$357.00	-2.50
Palladium (per troy oz.)	$370.50	-8.50
Copper	74.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	20.08r	
Tin (New York)	258.5	+1.00
Cattle (live weight)	91.63p	-0.81*
Sheep (live weight)	101.99p	+3.67*
Pigs (live weight)	64.79p	-3.61*
Lon. day sugar (raw)	$143.20	+1.80
Lon. day sugar (wte)	$164.50	-4.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£95.00	
Wheat (US Dark North)	£120.50	
Rubber (May)♥	40.00p	
Rubber (Jun)♥	40.00p	
Rubber (KL RSS No1)	227.00m	+2.50
Coconut Oil (Phil)§	$750.0	-10.0
Palm Oil (Malay)§	$507.5	+7.5
Copra (Phil)§	$390.0z	
Soyabeans (US)	140.0y	
Cotton Outlook 'A' index	57.55	
Wooltops (64s Super)	395p	

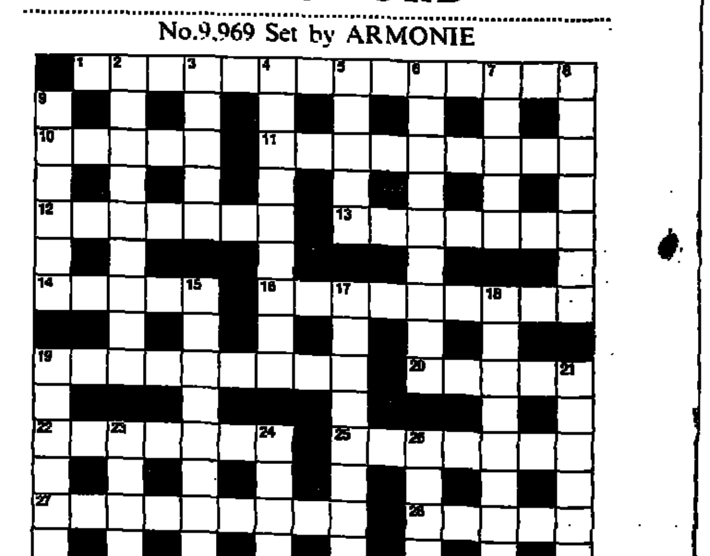
£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jun. z May. [illegible]

JOTTER PAD

For solutions to today's crossword call 0906 843 0060. Calls cost 60p a minute.

CROSSWORD

No.9,969 Set by ARMONIE



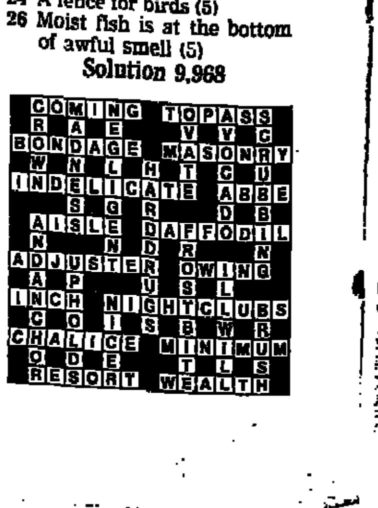
ACROSS

1 Lawyer taking measure against film (5,9)
10 Fellow in detachment is not suitable (5)
11 Open drink that's pleasant initially and rough in excess, they say (9)
12 Doctor lances carbuncle finally to purify (7)
13 Fuss about drunken rep producing weapon (7)
14 Folk lacking knight's moral principle (5)
16 A new routine task is collecting silver in port (9)
19 Rejected regulation about a short isolating device (5,4)
20 Royal family died in revolutionary baffle (5)
22 Water carrier appearing in diamonds? (7)
25 Greeting bishop in farewell parade (7)
27 Died in employment while celebrating (9)
28 Extra-large edible fungus (5)
29 Benighted Swede composed piano piece (3,4,7)

DOWN

2 Sweltering under sacks is a potentially lethal occurrence (5,4)
3 Consumed, some spiced meat enchiladas (5)
4 Discharge a rodent in the river (9)
5 Climber initially has a breather below the top (5)
6 It's extreme to pronounce upon Tom's disposition (9)
7 A shark is said to be brownish-grey (5)
8 Censure congressman over ramble (7)
9 Patron of the arts, catching cold, left meat (6)
15 This may help transport touring orchestra (9)
17 Associate depression with class (9)
18 Ayckbourn is about to exclude star (9)
19 Eradicate last of disease in West Indian fish (4,3)
21 Upset the conductor (6)
23 A desire for style (5
24 A fence for birds (5)
26 Moist fish is at the bottom of awful smell (5)

Solution 9,968



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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

BERMUDA (REGULATED)(**)

CAYMAN ISLANDS (REGULATED)(**)

GUERNSEY (FSA RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (FSA RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (FSA RECOGNISED)

ISLE OF MAN (REGULATED)(**)

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Old Mutual Intl Fd Mgrs (Isle of Man) Ltd

JERSEY
(FSA RECOGNISED)

JERSEY
(REGULATED)(**)

Mercury Asset Mngt Channel Islands Ltd.

Midland Bank Fund Managers (Jersey) Ltd

LUXEMBOURG
(FSA RECOGNISED)

Fidelity Funds - Contd.

Lombard Odier Invest - Contd.

Schroder International Selection Fd - Contd.

LUXEMBOURG
(REGULATED)(**)

Banque Colbert S.A.

Banque Ferrier Lullin (Lux) SA

Banque Internationale A Luxembourg

Henderson Independent Fund

Indocam Mosaïs SICAV

SCI/TECH SA

Scudder Global Opportunities Funds

OFFSHORE INSURANCES

هكذا من الأصل

هكذا من الاصل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

AEROSPACE & DEFENCE

	Notes	Price	+ or -	52 week high	52 week low	Volume '000s	Yield	P/E
AIM	•	147½xd	---	312½	87½	-	2.8	-
Alvis		202½xd	---	227½	145	135	2.5	15.5
Brit Aerospace		432¼xd	+10½	587	300	6,122	1.5	17.1
Warrants		1195	+40	1658	730	6,300	-	-
7¾p Cv Pf		210¼	+4¼	274	165½	180	3.7	-
[illegible]	†	85xd	---	127½	67½	-	6.0	7.7
Cobham		951½	-1	1247½	585	389	1.6	21.0
Chemring		147	---	175½	91	-	3.4	12.2
Hampson Inds		51	+4	83½	44½	913	5.2	8.3
6½p Net Pref		87	-½	132½	84½	-	6.7	-
Intelek		16	---	29	14	35	5.6	13.1
Meggitt		201xd	+5½	242½	130½	1,375	2.6	18.8
Rolls-Royce		285¼	-5	309	176½	4,463	2.3	17.7
Smiths Inds	†	858xd	-31	1095	815	348	2.1	18.9
Ultra Electronics		395xd	---	469	302	156	2.1	17.3
Vosper Thorn	†	930	---	929	560	21	3.2	13.2

AUTOMOBILES

BANKS

BEVERAGES

CHEMICALS

CONSTRUCTION & BUILDING MATERIALS

CONSTRUCTION & BUILDING MATERIALS - Continued

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQUIPMENT

ENGINEERING & MACHINERY

ENGINEERING & MACHINERY - Continued

FOOD & DRUG RETAILERS

FOOD PRODUCERS & PROCESSORS

FORESTRY & PAPER

GAS DISTRIBUTION

GENERAL RETAILERS

HEALTH

HOUSEHOLD GOODS & TEXTILES

HOUSEHOLD GOODS & TEXTILES - Continued

INFORMATION TECHNOLOGY HARDWARE

INSURANCE

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Continued

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Continued

MINING - Continued

REAL ESTATE - Continued

SPECIALITY & OTHER FINANCE - Continued

TRANSPORT - Continued

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

TRADED INDEX SECURITIES

AIM - Continued

STEEL & OTHER METALS

LEISURE, ENTERTAINMENT & HOTELS

OIL & GAS

REAL ESTATE - Continued

SUPPORT SERVICES

AIM

Alternative Investment Market

PACKAGING

RESTAURANTS, PUBS & BREWERIES

LIFE ASSURANCE

MEDIA & PHOTOGRAPHY

PERSONAL CARE & HOUSEHOLD PRODUCTS

PHARMACEUTICALS

SOFTWARE & COMPUTER SERVICES

TELECOMMUNICATIONS SERVICES

TOBACCO

TRANSPORT

REAL ESTATE

MINING

SPECIALITY & OTHER FINANCE

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 index constituents and reserves contained in the Trading Volume table on the LSE page, last trade prices at or prior to 4.30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices/last trades over a rolling 52 week period.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are net and allow for the value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(iv) Overseas Incorporated companies listed on an approved exchange.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1570 a year for each security shown, subject to the Editor's discretion.

Wall Street's revival soothes fretting FTSE 100

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The nervousness surrounding London's stock market earlier this week was all but washed away as investors responded enthusiastically to Wall Street's revival.

Sentiment in London, already lifted by US trading, was also given a boost by reassuring economic news.

A 0.4 per cent increase in UK retail sales in March came in near forecasts and provided comfort to those still expecting domestic interest rates to fall further.

Doubts were cast by some market observers over the *likelihood of further cuts* after Wednesday's much stronger-than-expected data on average earnings for the three months to February.

"It is almost as if the big reversal on Wall Street had never happened," said one marketmaker, referring to the 320-point turnround in the Dow Jones Industrial Average and the record fall in the Nasdaq on Tuesday, which was triggered by heavy falls in US technology and internet stocks.

At the close of another day of hectic turnover, the FTSE 100 index finished 102.6 ahead at 6,413.6, having hit a session high of 6,457.1 just before Wall Street trading commenced.

The recovery in sentiment spread right across the stock market. *The FTSE 250*, which was never tested to the same extent as the senior index, extended its rally and finished 28.9 higher, only a fraction off the session high of 5,792.6.

Equity salesmen said a move through 5,800 by the FTSE 250 was imminent. Just as the mid-cap index looked set to drive through 5,800, so the FTSE SmallCap penetrated an important psychological level, moving back through 2,500 and finishing up 22.8 at 2,508.3.

Wall Street's Wednesday recovery was the undoubted *driving force for London*, the Dow moving into overdrive just before the close and posting a 132-point closing gain at a new record.

Adding to the US market's enthusiasm at the start of trading yesterday were the better-than-expected results from IBM, which gave a fresh injection of strength at the start yesterday when the Dow kicked up more than three figures, hitting 10,700 as it did so.

Hopes of yet more global merger-takeover developments in the near future, along the lines of the Deutsche Telekom-Italia Telecom deal, were being put forward by dealers as one of the driving forces behind the strength in London.

Telecom stocks played a big part in the recovery, with Vodafone, Colt, Cable and Wireless, BT and Securicor among the FTSE 100's best performers.

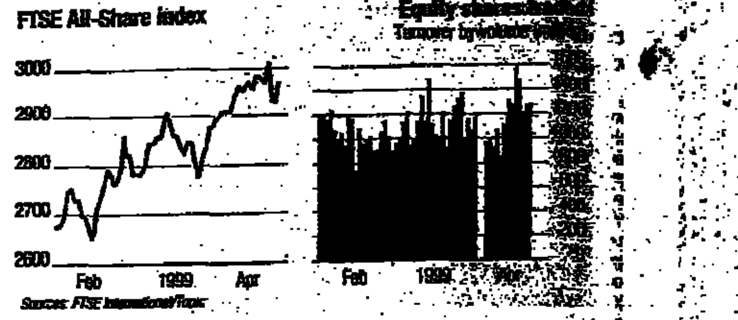
Abbey National was another, the shares surging ahead to challenge their all-time high after a positive annual meeting at which the chairman told shareholders of an increase *in market share* in an increasingly competitive environment.

On the sell-side, Marks and Spencer, widely touted as the target of Warren Buffett's Berkshire Hathaway fund, hit more turbulence, and finished the worst of the FTSE 100 stocks.

Poor trading news saw JJB Sports take the wooden spoon in the FTSE 250 constituents.

Turnover at 6pm was 1.28bn shares.

FTSE All-Share Index



Source: FTSE International/Reuters

Indices and ratios

FTSE 100	6413.6	+102.6	FT 30	4017.6	+44.8
FTSE 250	5782.3	+28.9	FTSE Non Fin p/e	27.07	26.7
FTSE 350	3068.1	+43.7	FTSE100 Fut Jun	6481.0	+122.0
FTSE All-Share	2969.08	+41.65	10 yr Gilt yield	4.74	4.80
FTSE All-Share yield	2.27	2.3	Long gilt/equity yld ratio	2.04	2.05

Best performing sectors

1	Personal Care & Hse Prods	+3.9
2	Telecommunications Services	+3.6
3	Non Cyclical Services	+3.1
4	Food Producers & Processors	+2.9
5	Media & Photography	+2.3

Worst performing sectors

1	Automobiles	-2.9
2	Cyclical Consumer Goods	-2.2
3	Tobacco	-2.1
4	Construction & Bld Matls	-0.6
5	Leisure, Entertmt & Hotels	-0.6

WPP takes top spot

COMPANIES REPORT

By Peter John and Martin Brice

WPP, one of the world's biggest marketing services companies, was the best performer in the Footsie, jumping 34 to 546½p on several encouraging signals.

First, news that Brazil is raising $1bn in the international bond markets has calmed worries about Latin America being hit as badly as Asia last year. Advertisers are among the companies most sensitive to economic downturn.

Second, IBM, which is one of WPP's biggest accounts, announced bullish figures late on Wednesday. And third, Omnicom, the US advertiser and one of WPP's closest rivals, announced strong first-quarter figures.

West LB Panmure said that the figures had highlighted the disparity in the ratings of the two companies. The broker said that while Omnicom traded on 36 times 1999 consensus forecasts, WPP was only on 25 times Panmure's current-year numbers.

Dealers said there were also a couple of big buy orders ahead of WPP's first-quarter trading statement next Tuesday.

ICI came out with first-quarter figures that were down sharply but broadly in line with most forecasts.

There were also some confident comments about March trading. However, in a see-saw market, it just so happened that leading cyclicals were losing steam yesterday and the shares ended 25 off at 649½p.

Remarks from Sir Ronald Hampel, chairman, in his retirement speech may not have endeared him to analysts, who have seen the company's share price move from a high of £12.44 all the way down to 412p during the past year.

"As far as business is concerned, comments of the media, fed by the analyst community, sometimes anonymously, with no regulatory requirement for accuracy or consistency, can create real problems for management," he told shareholders at the annual meeting before retiring after 44 years with ICI.

*Martin Evans of Suther*lands was the chemicals analyst who led the assault on the stock last year with a seemingly unattainable price target of 380p-410p.

He said that while he was sympathetic to the chairman's complaint, he was nevertheless surprised by the importance Mr Hampel seemed to attach to broker circulars.

"The market is ultimately more efficient than the people who comment on it," he said.

The long-standing overhang of stock in Limelight, the Moben kitchens and Dolphin bathrooms group, saw the shares move ahead 5 to 58p. The stock was held by trustees of the estate of Stephen Boler, the company founder, who died in October.

Institutional investors were said to have taken the 17 per cent stake, in two tranches. Takeover talks with Anglian, the replacement windows company, broke down in February.

Dresdner Kleinwort Benson has decided that if good times are around the corner they will be consumer-led rather than export-driven.

Research from the investment bank's strategy team says: "Investors should buy interest-rate sensitivity in the UK pre-empting positive earnings revisions for the next two to three years."

The team has hunted for stocks that offer the best exposure to economic recovery and "the UK as a Euro-bubble" and come up with a dozen plays. Among them are Halifax, which rose 16½ to 888p; Lloyds TSB, up 18½ to 972½p; Bass, up 27 to 875p; and Kingfisher, up 38 at 805½p.

Out of steam

The run-up by leading engineering and other cyclical stocks seemed to run out of steam as a bout of profit-taking came to the fore. GKN was off 43¾ at £10.60½ while Smiths Industries eased 31 to 959p.

However, buying spread to Tomkins, which had missed out on the switch into cyclicals in recent days and yesterday rose almost 8 per cent or 20½ to 290½p. Among its fellow FTSE 250 stocks, Charter gained 23½ to 445p.

SmithKline Beecham lifted 6½ to 837 ahead of a decision by the US Food and Drug Administration's advisory committee on Avandia, SmithKline's potential blockbuster diabetes product.

Nycomed Amersham, the biotechnology company, was strong for the second day running with a gain of 26¾ to 515p on hopes that the stock will enter the Footsie shortly. The company also held a big presentation for analysts and investors at its US life sciences operation in New Jersey.

Abbey National jumped 5 per cent before its shareholder meeting and rose again afterwards on relief that the situation was stronger than it appeared at the mortgage lender's figures in February.

At the time, Abbey delivered news of increasing mortgage arrears and rising provisions for consumer lending. But, yesterday, Abbey said arrears had fallen 12 per cent. The shares ended 85 higher at £13.68.

Meanwhile, Bank of Scotland recovered from Wednesday's post-results drubbing with a gain of 51½ to 921½p. Goldman Sachs raised its stance on the stock to "market performer" from "market underperformer".

David Townshend at Goldman said: "The bank has a significantly underperformed its wholesale banking peers and now represents relatively better value particularly in the light of its excellent franchise."

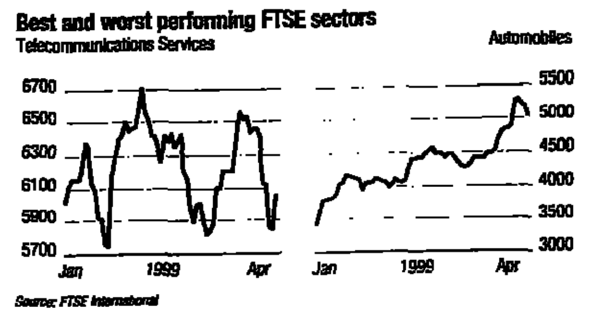
Firm support came for information technology stocks as they took heart from Wall Street. Logica gained 28½ to 621p while Admiral was ahead 42½ to £11.25.

Psion was up 37½ at 892½p as investors landed the decision to replace the head of its underperforming Psion Computers business. That side of the company suffered a difficult 1998 and has already said it faces a long haul, with a boost in its fortunes arriving later this year. One analyst said: "The new chief executive has shown he is on the case straight away, and investors like this assertiveness."

Misys was up 7 at 567p. There is increasing talk that the company has another acquisition in its sights, probably a US financial or healthcare software group.

Geest, the chilled foods group, was rewarded with a rise of 22½ to 461p as it ended a round of updates with institutional investors following recent results.

Best and worst performing FTSE sectors



Source: FTSE International

FT 30 INDEX

	Apr 22	Apr 21	Apr 20	Apr 19	Apr 16	Yr ago	*High	*Low
FT 30	4017.6	3972.8	3985.6	4090	4021.1	3781.4	4092.0	2790.6
Ord. div. yield	2.63	2.65	2.64	2.57	2.62	2.9	4.22	2.58
P/E ratio net	23.98	23.73	23.89	24.52	24.05	24.46	25.41	15.80
P/E ratio nil	23.91	23.66	23.82	24.45	23.99	24.25	25.19	15.71

FT 30 since compilation: high 4004.9 7/15/98, low 49.4 6/26/40 Base Date: 1/7/35

FT 30 hourly changes

9	10	11	12	13	14	15	16	High	Low
3972.8	4003.4	3998.3	4018.4	4024.3	4023.0	4015.0	4015.4	4030.2	3972.8

STOCK MARKET TRADING DATA

	Apr 22	Apr 21	Apr 20	Apr 19	Apr 16	Yr ago
SEAQ bargains	80,832	84,744	94,955	102,687	109,039	61,796
Equity turnover (£m)†	-	5599.2	6191.9	4854.1	5845.4	2806.5
Equity bargains†	-	70,449	80,257	83,312	81,736	50,001
Shares traded (m)†	-	1188.8	1387.2	1173.5	1398.7	705.2
Total market bargains‡	-	86,702	95,560	103,088	108,140	-
Total turnover (£m)‡	-	7353.4	8156.3	7121.8	8341.2	-
Total shrs traded (m)‡	604.7*	1512.8	1738.0	1584.2	1624.2	-
Tradepoint turnover (£m)	42.1	29.4	40.6	26.0	38.6	18.4
Tradepoint shrs traded(m)	15.8	15.4	15.8	11.8	16.4	4.4

†Excluding intra-market and overseas turnover but including Crest turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	1,018	Total Highs	84	Total contracts	32,776
Total Falls	500	Total Lows	20	Calls	18,717
Same	1,338			Puts	14,059

Apr 22 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	6400.0	6450.0	+113.0	6494.0	6393.0	27332	201326
Sep	6518.0	6498.0	+113.5	6518.0	6518.0	1230	5897
Dec		6559.0	+115.0			0	1150

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		5790.0	+26.0			0	7368

■ FTSE 100 INDEX OPTION (LIFFE) (*6413) £10 per full index point Apr 22

	6250 C	6250 P	6300 C	6300 P	6350 C	6350 P	6400 C	6400 P	6450 C	6450 P	6500 C	6500 P	6550 C	6550 P	6600 C	6600 P
May	278½	91	240	103½	205	128	173½	140	146	164½	123	194½	100½	212½	78	241½
Jun	354	151	321	166½	287½	185½	257	208½	227	228½	197	249½	174	277	152½	305
Jul	421	193½	391½	218	362	237½	332½	257	298½	279½	269	300	243	330½	221½	359
Aug	488½	262	456½	281	426	300	398	319½	365½	339	335	358½	306	381	284	408½
Dec†			670	429			612	459			553	509½			495½	555

Calls 904 Puts 982

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point Apr 22

	6275 C	6275 P	6325 C	6325 P	6375 C	6375 P	6425 C	6425 P	6475 C	6475 P	6525 C	6525 P	6575 C	6575 P	6625 C	6625 P
May	256½	95	228	110½	187	127	157½	147½	131	171	107½	197	86½	226	68	257½
Jun	333	157½	298½	174½	267½	193	238½	213½	208½	234½	182½	258½	157	281	136	308½
Jul	403½	204½	370½	227½	338½	238½	308	259	278½	279½	251	302	225	328	200½	351½
Sep			477	308			414½	343			381½	387½			312	438½
Dec†			643½	417½			580½	451½			517	484½			466½	524

Calls 3,817 Puts 3,319 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1999 High	1999 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§-	F.P.	26.1	148½	143½	‡Affinity Internet	143½		-	-	-	-
100	F.P.	-	95	95	Br Smlr Cos VCT	95		-	-	-	-
-	F.P.	-	12½	12½	Do Warrants	12½		-	-	-	-
-	F.P.	18.6	119½	95½	Cairngorm Restruct	112½	+½	-	-	-	-
-	F.P.	0.83	27	17½	Do Wts	25		-	-	-	-
§	F.P.	-	108½	105	Edinburgh Inc&Val	108½		-	-	-	-
§	F.P.	-	106	100½	Edinburgh Utd 2009	106		-	-	-	-
-	F.P.	66.7	259	259	Fleming I & G Cap 2000	259		-	-	-	-
-	F.P.	3.70	118	107	Do Inc 2000	118		-	-	-	-
-	F.P.	87.8	335	318½	Do Cap 2008	318½		-	-	-	-
-	F.P.	91	111½	111½	Do Inc 2008	111½		-	-	-	-
-	F.P.	-	665	665	Do Units 2008	665		-	-	-	-
§	F.P.	21.9	118	98½	Gartmore High Inc	105½		-	12.2	-	6.6
-	F.P.	10.9	109½	101½	Do Zero Div Pf	109		-	-	-	-
-	F.P.	81.9	79½	69	M Currie Cap Bal	77		-	-	-	-
-	F.P.	352.1	86½	75	M Currie Portfolio	82	+¼	-	-	-	-
-	F.P.	18.9	100	100	Northern 2 VCT	100		-	-	-	-
-	F.P.	18.7	155	147	Sherry FitzGerald	147		-	-	-	25.8
-	F.P.	13.8	185	157½	Sports Internet	178	+3½	-	-	-	-
-	F.P.	-	100	100	‡Totem VCT	100		-	-	-	-
§-	F.P.	1.85	-	5	‡Voyager 2000	7	+¼	-	-	-	-

‡ Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Apr 21	% chg on day	Apr 20	Year ago	Gross div yield %	Total return	52 week High	52 week Low
Gold Mines Index (27)	836.03	-3.00	867.57	1265.49	1.57	948.77	1361.57	701.36
■ Regional Indices								
Africa (9)	1054.50	-3.52	1163.31	1253.08	3.96	1097.22	1486.04	785.63
Australasia (8)	1131.85	+3.50	1165.87	1494.14	2.77	1148.09	1606.53	878.89
Americas (10)	865.97	-2.75	850.47	1255.60	0.84	883.84	1317.41	647.89

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FTSE Actuaries Share Indices — UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	£ Stlg Apr 22	Day's chge%	Euro Index	£ Stlg Apr 21	£ Stlg Apr 20	Year ago	Actual yield%	Cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	6413.6	+1.6	7601.2	6311.0	6319.8	5898.1	2.15	1.65	28.10	62.68	2868.45
FTSE 250	5782.3	+0.5	6865.0	5753.4	5753.6	5604.4	2.72	1.88	19.50	50.81	2543.79
FTSE 250 ex Inv Co	5898.4	+0.4	6943.3	5833.0	5826.1	5661.6	2.84	1.94	18.22	52.46	2584.77
FTSE 350	3068.1	+1.4	3632.7	3021.4	3024.1	2848.6	2.24	1.70	26.28	29.48	2801.82
FTSE 350 ex Inv Co	3072.2	+1.5	3641.1	3028.1	3031.0	2850.6	2.25	1.70	26.05	28.76	1440.59
FTSE 350 Higher Yield	3018.4	+1.0	3577.4	2988.3	3013.3	2814.3	2.93	1.58	21.50	33.87	2374.03
FTSE 350 Lower Yield	3107.7	+1.9	3683.2	3049.5	3028.4	2894.9	1.52	1.93	34.16	24.42	2293.80
FTSE SmallCap	2508.25	+0.9	2972.74	2485.49	2472.98	2639.29	2.80	1.84	19.35	20.87	2235.29
FTSE SmallCap ex Inv Co	2476.15	+1.0	2934.70	2451.84	2437.16	2629.78	2.98	1.95	17.25	21.52	2232.82
FTSE All-Share	2969.08	+1.4	3518.91	2927.43	2929.26	2777.09	2.27	1.71	25.84	28.37	2754.54
FTSE All-Share ex Inv Co	2979.76	+1.4	3531.56	2937.57	2939.53	2783.10	2.28	1.72	25.32	28.74	1422.54
FTSE Fledgling	1361.28	+0.8	1613.37	1350.36	1344.09	1414.54	2.89	1.25	27.69	10.50	1545.59
FTSE Fledgling ex Inv Co	1371.87	+0.9	1625.92	1359.80	1351.28	1430.02	3.29	1.29	23.52	11.75	1563.42
FTSE All-Small	1419.59	+0.9	1682.48	1407.02	1400.05	1489.84	2.82	1.72	20.66	11.64	1614.77
FTSE All-Small ex Inv Co	1428.07	+1.0	1692.53	1414.34	1405.80	1510.69	3.04	1.81	18.22	12.38	1636.65
FTSE AIM	918.8	+0.5	1089.0	913.9	909.5	1077.3	1.06	30.00†	0.13	3.00	845.03

■ FTSE Actuaries Industry Sectors

	£ Stlg Apr 22	Day's chge%	Euro Index	£ Stlg Apr 21	£ Stlg Apr 20	Year ago	Actual yield%	Cover	P/E ratio	Xd adj. ytd	Total Return
RESOURCES(18)	5078.81	+0.6	6019.33	5048.02	5142.31	4783.71	2.48	0.63	64.23	51.23	2396.98
Mining(6)	3871.42	+0.5	4588.35	3850.48	3939.74	3369.24	3.07	1.65	18.60	71.13	1277.70
Oil & Gas(12)	5871.94	+0.6	6959.33	5835.93	5942.16	5324.51	2.40	0.48	80.00†	53.96	2848.13
BASIC INDUSTRIES(83)	2238.07	-0.5	2652.52	2248.64	2287.74	2290.54	3.58	1.76	15.90	26.80	1358.07
Chemicals(20)	2366.78	-0.4	2805.07	2376.32	2441.88	2925.13	3.88	1.21	21.33	48.77	1261.94
Construction & Bld Matls(50)	2018.08	-0.6	2391.80	2030.79	2049.57	1896.69	3.07	2.25	14.44	17.25	1136.48
Forestry & Paper(2)	6037.11	-0.3	7155.09	6056.61	5988.44	4783.71	5.11	1.74	11.25	26.99	2835.92
Steel & Other Metals(1)	2798.81	+0.8	3317.11	2775.25	2859.01	3120.35	6.73	1.13	13.20	22.19	1859.47
GENERAL INDUSTRIALS(78)	2184.79	+1.2	2589.38	2158.14	2142.33	2290.54	2.49	2.17	18.53	22.70	1323.08
Aerospace & Defence(9)	2562.04	+0.2	3036.49	2557.88	2574.17	3120.35	1.90	2.94	17.91	22.59	1702.45
Diversified Industrials(4)	1179.88	+1.8	1398.37	1158.45	1126.89	1466.46	4.82	0.81	25.16	18.83	762.26
Electronic & Elect Equip(21)	3113.42	+1.6	3689.98	3063.60	3049.54	2865.78	2.26	1.96	22.52	20.54	1757.64
Engineering & Machinery(44)	2835.09	+1.4	3360.11	2794.98	2747.74	3120.35	2.90	2.05	16.87	29.13	1888.94
CYCLICAL CONSUMER GOODS(16)	6904.97	-2.2	8183.67	7062.24	7097.49	5567.12	2.37	2.88	14.61	68.02	2793.09
Automobiles(7)	5033.60	-2.9	5965.75	5181.28	5218.05	4232.30	1.76	3.96	14.32	40.43	2829.86
Household Goods & Texts(9)	2106.32	+2.1	2496.38	2063.67	2049.52	3673.63	6.38	0.93	16.88	52.57	928.32
NON-CYCLICAL CONS GOODS(83)	5811.46	+1.3	6887.65	5735.71	5648.87	5567.12	2.13	1.57	29.95	89.56	2351.82
Beverages(9)	3733.64	+0.7	4425.06	3706.32	3683.03	3931.27	2.82	1.95	18.19	47.38	1516.54
Food Producers & Processors(23)	3321.44	+2.9	3936.52	3229.20	3193.88	4002.59	2.54	2.06	19.12	43.08	1649.27
Health(13)	2514.11	+1.8	2979.69	2469.94	2452.03	2345.73	1.92	1.48	35.14	8.05	1628.91
Packaging(10)	2032.87	+0.3	2409.33	2026.61	2008.66	2241.06	5.20	2.03	9.48	48.72	985.88
Personal Care & Hse Prods(4)	2112.10	+3.9	2503.23	2032.24	2010.48	3573.63	3.72	1.69	15.92	40.18	925.05
Pharmaceuticals(21)	10573.34	+1.3	12531.38	10437.52	10277.71	9111.93	1.61	1.29	48.04	105.45	3846.97
Tobacco(3)	6284.51	-2.1	7448.31	6417.03	6066.00	4758.92	4.77	1.31	15.96	191.28	1842.40
CYCLICAL SERVICES(226)	3995.28	+1.1	4735.15	3950.74	3937.70	3398.52	2.16	2.12	21.79	20.59	2234.66
Distributors(25)	2313.34	+0.8	2741.74	2295.30	2289.92	2917.38	3.35	1.82	16.40	17.96	937.26
General Retailers(41)	2481.74	+0.9	2941.32	2458.98	2393.37	2351.43	2.49	2.03	19.78	12.04	1543.71
Leisure, Entertmt & Hotels(30)	4112.54	-0.6	4874.12	4138.39	4102.20	3927.62	2.04	2.48	19.81	50.97	2383.14
Media & Photography(45)	5367.67	+2.3	6361.68	5246.44	5272.51	4450.01	1.71	1.97	29.78	46.33	2069.62
Rests, Pubs & Breweries(21)	3887.98	+1.4	4607.97	3834.60	3830.31	4234.38	2.61	2.18	17.57	17.00	2027.16
Support Services(35)	5143.45	+0.8	6095.94	5103.37	5136.19	4888.88	1.59	2.14	29.39	21.38	3422.93
Transport(29)	3618.97	+0.8	4289.15	3589.76	3632.27	3565.64	2.49	2.25	17.84	29.25	1647.23
NON-CYCLICAL SERVICES(22)	3939.97	+3.1	4669.59	3822.12	3804.79	3398.52	1.45	1.78	38.62	18.58	2202.60
Food & Drug Retailers(13)	2795.69	+1.0	3313.41	2767.35	2679.71	2969.60	2.67	2.16	17.36	22.19	1944.06
Telecommunications Services(9)	6052.55	+3.6	7173.40	5843.69	5854.99	3786.12	1.17	1.58	53.99	4.61	2985.74
UTILITIES(20)	3737.68	+1.8	4429.84	3679.14	3830.51	3808.37	3.80	1.68	16.58	25.72	1830.67
Electricity(7)	4160.55	+2.2	4931.03	4072.98	4090.68	4294.64	3.83	1.23	21.25	21.24	2497.53
Gas Distribution(2)	3203.59	+1.3	3796.85	3161.30	2989.41	2780.33	1.75	2.40	23.79	28.03	1684.14
Water(11)	2914.55	+0.8	3454.29	2891.89	2882.40	3403.22	5.31	2.04	9.24	24.10	1851.11
INFORMATION TECHNOLOGY(39)	1693.22	+2.0	2006.78	1660.21	1618.77	1458.36	0.43	4.59	50.86	52.61	1704.61
Information Tech Hardware(4)	1909.40	+4.3	2262.99	1831.51	1764.77	1458.36	0.13	7.23	80.00†	51.91	1921.70
Software & Computer Services(35)	1668.16	+1.7	1977.07	1640.29	1601.76	1458.36	0.47	4.49	47.60	52.69	1879.66
NON FINANCIALS(585)	2980.57	+1.3	3532.53	2941.14	2932.01	2761.23	2.23	1.85	27.07	24.86	2490.77
FINANCIALS(238)	5955.18	+1.6	7057.98	5858.99	5920.98	5707.50	2.35	1.84	23.05	80.61	2829.63
Banks(12)	9597.88	+2.2	11375.24	9390.79	9541.03	8330.43	2.29	1.96	22.32	133.25	3457.26
Insurance(20)	2205.20	+0.5	2613.57	2193.95	2198.25	2634.03	2.96	1.92	17.58	30.37	1872.74
Life Assurance(8)	6777.91	+1.1	8033.07	6703.60	6726.85	7042.04	2.66	1.68	22.38	121.22	3110.26
Investment Companies(118)	4023.42	+0.8	4768.49	3987.23	3983.20	3953.85	1.79	1.13	50.88	24.93	1489.77
Real Estate(49)	1961.37	+0.2	2324.59	1957.81	1961.48	2387.09	2.88	1.55	22.45	10.50	1314.48
Speciality & Other Finance(31)	4448.81	+0.5	5272.66	4427.58	4434.61	5094.69	1.96	2.09	24.42	39.33	2773.62

■ Hourly movements

	9.03	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	6362.2	6408.9	6392.2	6423.5	6432.8	6441.4	6411.8	6416.4	6457.1	6362.2
FTSE 250	5765.3	5779.9	5781.1	5790.3	5790.7	5788.7	5790.0	5791.4	5792.6	5765.2
FTSE SmallCap	2491.26	2497.59	2498.58	2499.84	2501.86	2503.42	2504.91	2507.03	2508.28	2491.26
FTSE All-Share	2946.97	2965.05	2959.74	2972.15	2975.75	2978.88	2968.06	2969.98	2984.59	2946.97

Time of FTSE 100 Day's high: 13:22:45 Day's low 9:03:00. FTSE 100 1998/99 High: 6515.3 (19/04/99) Low: 5770.2 (10/02/99)
Time of FTSE All-Share Day's high: 13:24:00 Day's low 9:03:00. FTSE All-Share 1998/99 High: 3010.25 (19/04/99) Low: 2654.62 (14/01/99)

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FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks yesterday.

	Vol 000's	Closing price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for the FTSE 100 constituents ... † Indicates a ... Source: Financial Times Information.

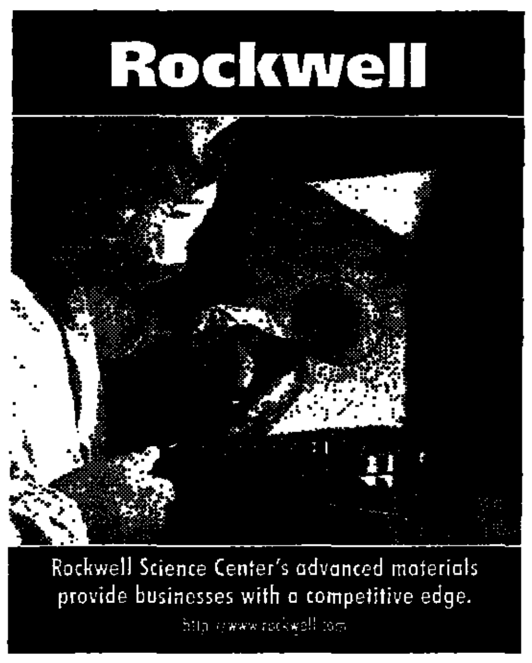
هكذا من الاصل

هكذا من الأصل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €



FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY APRIL 21 1999 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Euro Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY APRIL 20 1999 US Dollar Index	Pound Sterling Index	Yen Index	Euro Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (75)	228.19	-1.1	210.60	172.80	247.71	294.70	-0.7	3.21	230.60	211.52	172.38	249.18	236.40	233.77	163.86	217.02
Austria (21)	188.46	-0.1	173.94	142.72	180.52	180.52	0.3	1.96	188.74	173.12	141.08	179.96	179.96	253.73	165.27	230.89
Belgium (22)	356.77	0.5	329.26	270.17	334.58	334.58	1.0	2.10	354.92	325.58	265.30	331.33	331.33	446.95	319.89	335.30
Brazil (29)	141.15	-0.6	130.27	106.89	153.22	449.47	0.6	5.03	142.01	130.26	106.15	153.45	446.98	265.66	89.32	265.66
Canada (113)	226.24	1.7	208.80	171.32	245.59	244.01	1.8	1.60	222.38	203.98	166.23	240.30	239.61	248.78	159.94	247.57
Denmark (34)	419.19	-0.1	386.88	317.44	455.05	399.80	0.4	1.86	419.61	384.90	313.66	453.42	398.04	537.33	406.62	518.63
Finland (28)	662.99	3.5	611.88	502.06	779.88	779.88	4.0	1.50	640.45	587.46	478.74	749.92	749.92	719.62	338.49	439.33
France (74)	323.19	0.4	298.28	244.74	313.50	313.50	0.8	1.96	322.05	295.41	240.74	310.97	310.97	354.45	253.86	304.77
Germany (54)	258.78	1.0	238.83	195.97	248.05	248.05	1.4	1.60	256.26	235.08	191.56	244.52	244.52	325.61	226.35	290.40
Greece (36)	381.55	-1.2	352.13	288.93	414.18	841.47	-0.6	1.30	386.23	354.28	288.71	417.36	846.09	454.89	211.47	-
Hong Kong, China (66)	368.42	1.6	340.02	279.00	399.93	386.48	1.6	3.09	362.80	332.79	271.20	392.04	360.88	378.98	196.64	332.83
Indonesia (23)	57.20	-0.4	52.79	43.32	82.09	303.96	-0.1	0.96	57.43	52.68	42.93	62.06	303.69	60.92	19.04	58.10
Ireland (14)	536.13	-0.2	494.80	406.00	560.86	560.86	0.3	1.88	536.97	492.55	401.39	559.18	559.18	605.85	396.15	560.44
Italy (53)	167.81	1.0	154.87	127.08	228.75	228.75	1.4	1.52	166.18	152.42	124.21	225.48	225.48	192.64	128.68	174.62
Japan (443)	114.20	-2.6	105.39	86.48	123.96	86.48	-1.3	0.85	117.24	107.54	87.64	126.69	87.64	118.43	76.83	96.67
Mexico (29)	1610.69	-0.5	1486.51	1219.72	1748.45	16488.62	-1.0	1.55	1618.23	1484.36	1209.63	1748.63	16857.84	1733.73	787.15	1733.73
Netherlands (26)	499.95	0.4	461.41	378.60	474.04	474.04	0.9	2.03	497.94	456.74	372.21	469.97	469.97	582.73	394.92	511.15
New Zealand (18)	67.58	-0.1	62.37	51.18	73.36	65.63	0.4	3.66	67.66	62.06	50.58	73.11	65.35	76.03	45.68	75.55
Norway (37)	253.84	-0.4	234.27	192.23	275.55	268.50	-0.2	1.83	254.99	233.90	190.61	275.54	268.91	357.71	181.86	347.16
Philippines (22)	107.20	-2.6	98.93	81.18	116.36	203.53	-2.6	0.72	110.11	101.00	82.31	118.98	209.07	110.31	42.48	98.24
Portugal (18)	212.37	0.2	196.00	160.82	274.73	274.73	0.7	1.58	211.94	194.41	158.43	272.92	272.92	299.39	194.13	-
Singapore (40)	272.59	0.6	251.58	208.42	295.91	215.25	0.9	1.20	270.92	248.51	202.51	292.75	213.37	277.70	102.45	209.94
South Africa (34)	234.08	-2.7	216.04	177.26	254.11	311.05	-2.8	3.11	240.63	220.72	179.87	260.01	319.50	341.14	151.55	341.14
Spain (29)	361.57	0.8	333.69	273.80	429.64	429.64	1.3	1.66	358.67	329.00	288.11	424.26	424.26	435.19	290.81	394.10
Sweden (41)	555.40	0.5	512.58	420.59	602.91	690.90	0.9	1.97	552.57	506.86	413.05	597.10	684.85	628.19	379.18	609.93
Switzerland (30)	380.09	-0.5	350.79	287.83	412.60	355.52	-0.1	1.32	381.87	350.28	285.45	412.64	355.85	441.65	307.73	394.04
Thailand (26)	28.93	-2.7	26.70	21.91	31.40	42.22	-2.2	1.97	29.74	27.28	22.23	32.14	43.17	31.47	8.15	27.12
United Kingdom (201)	398.37	-0.7	367.66	301.68	432.45	367.66	-0.1	2.31	401.32	368.12	299.99	433.66	368.12	411.84	307.96	390.89
USA (605)	551.22	2.3	508.73	417.42	598.37	551.22	2.3	1.21	538.92	494.33	402.84	582.34	538.92	559.68	390.12	460.67
Americas (776)	490.63	2.2	452.80	371.54	532.59	416.04	2.2	1.24	479.92	440.22	358.74	618.59	406.94	497.71	347.59	417.71
Europe (716)	355.05	0.1	327.68	268.87	385.42	345.65	0.6	1.93	354.78	325.41	265.19	383.35	343.63	386.24	282.63	360.16
Eurobloc (339)	100.20	0.8	92.47	75.88	103.95	103.95	1.2	1.78	99.43	91.27	74.33	102.69	102.69	113.92	81.53	-
Nordic (140)	522.38	1.2	482.10	395.58	567.06	561.07	1.7	1.80	515.91	473.23	385.64	557.48	551.86	555.97	360.04	533.60
Pacific Basin (713)	123.73	-2.0	114.19	93.70	134.31	96.27	-1.0	1.29	126.30	115.85	94.41	136.47	97.23	127.42	82.88	107.30
Euro-Pacific (1431)	219.56	-0.6	202.64	166.27	238.34	189.90	0.1	1.72	220.89	202.82	165.12	238.69	189.75	225.07	166.00	212.69
North America (718)	529.31	2.3	488.50	400.83	574.58	530.05	2.3	1.22	517.59	474.78	386.90	559.30	518.30	536.94	374.92	447.11
Europe Ex. UK (517)	322.69	0.5	297.81	244.36	350.29	324.77	1.0	1.72	320.98	294.42	239.93	346.84	321.62	366.32	260.93	333.37
Europe Ex. Eurobloc (379)	99.39	-0.6	91.73	75.27	107.89	102.94	0.0	2.07	99.98	91.72	74.74	106.05	102.99	103.93	77.40	-
Europe Ex. UK Ex. Eurobloc (178)	94.88	-0.3	87.56	71.85	102.99	98.28	0.1	1.51	98.13	87.26	71.11	102.80	98.15	109.21	75.16	-
Pacific Ex. Japan (270)	214.22	0.2	197.70	162.22	232.54	218.71	0.3	2.92	213.90	195.21	159.89	231.14	215.98	219.48	128.26	202.16
World Ex. Eurobloc (1902)	113.93	1.0	105.14	85.27	123.67	113.54	1.3	1.40	112.79	103.46	84.31	121.88	112.10	115.18	83.09	-
World Ex. US (1636)	220.25	-0.5	203.27	166.79	239.09	195.82	0.1	1.75	221.40	203.08	165.50	239.24	195.58	225.28	165.95	217.10
World Ex. UK (2040)	320.00	1.2	295.33	242.32	347.37	291.63	1.4	1.36	316.26	290.11	236.42	341.76	287.49	323.87	236.11	286.57
World Ex. Japan (1798)	432.85	1.4	399.48	327.78	469.87	430.76	1.6	1.53	426.76	391.46	319.01	461.15	423.96	439.15	320.58	394.21
The World Index (2241)	326.78	1.0	301.59	247.46	354.73	298.70	1.3	1.46	323.63	296.85	241.91	349.70	294.93	330.98	242.36	295.41

Emerging markets: IFC investable indices

AMERICAS

4 pm close April 22

NEW YORK STOCK EXCHANGE PRICES

1999 High	Low	Stock	Div	Yld %	P/E	Vol 100s	High	Low	Close Quote	Chng Prev. Close

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Financial Times Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1999. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration. Volume figures are unofficial.

d-new yearly low. P/E price-earnings ratio. vol- volume. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
Dealings suspended.

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GLOBAL EQUITY MARKETS

US INDICES

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RATIOS

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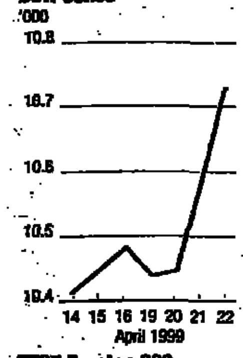
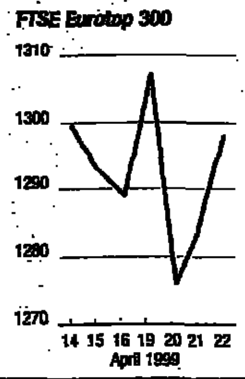
US DATA

[illegible]

Dow Jones



FTSE Eurotop 300



JAPAN

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Dt Bk	824,121	51.1	+2.85
Siemns	643,112	68.85	+1.85
Dt Tel	489,080	35.5	-0.45
Lufthn	475,935	23.3	+0.55
Comzbk	383,048	29.85	+0.35
Bayer	380,018	40.3	+0.9
DmlrCh	310,288	93.2	+1.1
BASF	260,256	41.4	-0.2
Fagkug	248,890	9.35	+0.7
DresBk	218,274	37.9	+1.2

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
GEHE	47	+3	+6.8
GEA Pf	21.6	+1.3	+6.4
Dt Bk	51.1	+2.85	+5.5
AGIndV	20	+1	+5.3
Sbd	61.6	+2.8	+4.7
Downs			
Kloknr	30.8	-1.2	-3.7
HeidZm	64	-2	-3.0
Preseg	46.75	-1.45	-3.0

UK

[illegible]

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Tesco	82,174,280	191¼	+1¼
Invensys	31,194,020	336¾	+8½
Unilever	30,327,840	575½	+18
Vodafone	24,180,810	1135	+60
Shell	21,358,330	436¾	-1
SmKl Bchm	20,338,610	837	+6½
BP Amoco	20,204,080	1097½	+10½
Centrica	20,129,180	116½	+4
ASDA	19,410,370	182¾	+4¾
Diageo	15,822,910	700¾	-4½

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Densitron	32	+9	+39.1
Princedale	10½	+2¾	+35.5
Alizyme	37½	+7½	+25
Sodra Pet.	15½	+3	+24
Scoot.com	45¾	+7¾	+20.4
Downs			
Langdone	1	-¼	-20
Havelock Eis	57½	-14	-19.6
Cons Murch	30¾	-5¼	-14.8

INDEX FUTURES

■ S&P 500	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	1353.00	1359.30	+7.80	1362.30	1351.70	98,882	370,945
Sep	-	1364.80	-	-	-	252	5,503
■ Nikkei 225							
Jun	16630.0	16640.0	+210.0	16850.0	16500.0	22,221	207,707
Sep	16560.0	16600.0	+50.0	16900.0	16530.0	250	6,166

Open interest figures for previous day

■ CAC-40 (200 x index)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	4333.0	4298.0	-2.0	4349.0	4271.0	85,214	108,586
May	4333.5	4281.5	-3.0	4333.5	4265.0	4,985	4,575
■ DAX							
Jun	5221.0	5235.5	+50.5	5279.0	5217.0	45,044	322,382
Sep	5255.0	5269.5	+54.5	5302.0	5255.0	115	2,065

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	785.25	779.00	+6.25	789.00	773.50	43,651	57,186
May	782.25	776.00	+6.25	786.25	770.00	36,804	96,082
■ EUREX							
Jun	7118.0	7129.0	+75.0	7168.0	7086.0	20,925	104,137
Sep	7192.0	7145.0	+38.0	7193.0	7106.0	167	3,898

WORLD MARKETS AT A GLANCE

Country	Index	Apr 22	Apr 21	Apr 20	1999 High	1999 Low	♣ Yield	♣ P/E
Argentina	General	19463.98	19584.68	19381.31	19584.68 21/4	14484.98 14/1	3.83	14.5
♣Rose timidly in early trading, powered mainly by rise in neighbouring markets and US.								
Australia	All Ordinaries	3118.3	3068.3	3090.1	3118.30 22/4	2694.80 14/1	2.74	24.9
	All Mining	610.7	602.3	637.4	649.18 19/4	552.10 12/4		
Keen demand across the board lifted All Ords to new peak. Rises nearly doubled falls.								
Austria	ATX Index	1245.39	1250.04	1243.26	1250.04 21/4	1011.26 22/1	2.93	13.7
Profit-taking in oil and chemicals company OMV sent broad market lower, against trend in neighbouring bourses.								
Belgium	BEL20	3254.23	3255.71	3223.27	3682.82 6/1	3165.75 24/3	1.49	21.8
Last minute sell-off in recently sought pharmaceuticals company UCB sent market into negative territory.								
Brazil	Bovespa	11117.0	(c)	10989.0	11530.80 7/4	5057.08 14/1	6.57	na
♣Rose in early trade, helped by return of Brazil to international bond market and talks of economic rebound.								
Canada	TSE 100♦	428.95	428.97†	422.19	428.97 21/4	378.38 3/3	1.83	21.1
	Metals Minls♦	3604.25	3514.51	3492.32	3658.92 16/4	2863.44 18/2		
	TSE300Comp♦	7017.00	7019.77†	6925.28	7019.77 21/4	6180.30 3/3		
	Portfolio§§	3843.96	3841.84	3785.71	3857.26 12/4	3281.55 3/3		
♣Was slightly off at midsession, dragged lower by resources-related shares despite rally in high-tech stocks.								
Chile	IGPA Gen▼	4573.86	4599.37	4619.06	4804.29 20/4	3297.83 14/1	2.41	16.1
♣Succumbed to pessimism following news that Duke Energy Corp had dropped bid for Endesa-Chile. Endesa was flat at midday.								
China	Shanghai B	26.77	26.68	27.41	28.99 8/1	21.38 9/3	1.27	27.2
	Shenzhen B	56.78	55.46	58.04	63.42 15/4	41.56 10/3		
Hard-currency shares lifted in sympathy with firm Hong Kong stocks.								
Colombia	§B	(u)	1045.27	1034.70	1099.52 4/1	850.79 4/2	1.58	4.9
Czech Republic	PX 50	403.0	399.9	399.1	413.80 6/1	333.40 1/3	na	na
Minor gains in high-cap leader SPT Telecom offset buy weakness in other blue chips.								
Denmark	CopenhagenSE	615.84	615.33	614.45	650.71 5/1	585.51 16/3	1.6	19.1
Declines led by telecoms operator Tele Danmark as foreign investors continued to shun market.								
Egypt	Cairo SE Gen	463.06	459.81	458.54	469.06 22/4	396.42 11/1	na	na
Market ahead as investors targeted Egyptian Company for Mobile Services and Commercial International Bank.								
Finland	Hex General	7030.24	6850.13	6415.16	7030.24 22/4	5579.65 10/2	1.33	28.4
Shares soared as stunning first quarter results from Nokia sent market to close at all-time high.								
France	SBF 250	2715.23	2712.36	2692.87	2768.87 19/4	2507.84 13/1	2.1	22.2
	CAC 40	4291.85	4291.60	4253.27	4378.34 19/4	3958.72 13/1		
Market flat as investors cashed in profits amid caution over outlook for Wall Street.								
Germany	FAZ Aktien	1661.09	1641.01	1645.80	1709.20 8/1	1499.80 4/3	1.36	19.3
	DAX‡	5218.82	5163.29	5087.29	5443.82 6/1	4578.72 4/3		
Surge in Deutsche Bank softened effect of fall in Deutsche Telekom as merger with Telecom Italia viewed sceptically.								
Greece	Athens General	3281.96	3350.56	3379.92	3774.29 19/3	2798.21 13/1	1.47	30.3
	FTSE/ASE 20	2055.93	2096.88	2109.27	2358.66 14/4	1758.87 13/1		
Shares extended losing streak on growing concerns over Kosovo and weak bond market.								
Hong Kong	Hang Seng	12933.54	12543.76	12409.78	12933.54 22/4	9376.33 10/2	2.67	19.4
	HSCC Red Chip	1017.11	966.10	945.02	1017.11 22/4	689.52 8/2		
Broadly higher amid interest rate cut hopes. Rises beat falls nearly fivefold as turnover lifted to HK$11.1bn.								
Hungary	Bux	5968.25	5971.79	5865.65	6943.08 8/1	5253.83 4/3	na	na
Market consolidated gains of recent days, with investors cautious over Kosovo conflict.								
India	BSE Sens.	3408.74	3464.54	3443.99	3784.11 9/3	3122.84 4/1	1.93	14.1
	S & P CNX 500	680.66	691.76	686.55	758.25 31/3	620.19 4/1		
Concern that political wrangling could delay formation of new government or bring new polls prompted selling.								
Indonesia	Jakarta Comp.	479.24	480.82	485.97	508.14 19/4	372.21 15/3	2.41	22.3
Falls in Telkom and Tjiwi Kimia depressed the index while in broader market rises nearly trebled falls.								
Ireland	ISEQ Overall	5384.27	5282.36	5250.00	5437.81 13/4	5084.85 14/1	1.79	20.5
Israel	Tel Aviv 100	(u)	(s)	(s)	381.82 19/4	288.44 10/2	na	na
Shares higher in very active trade although market closed off its best levels.								
Italy	BCI Comit 30	365.98	366.63	364.75	378.87 5/1	323.38 9/2	2.05	24.6
	Banca Com Ital	1574.26	1573.66	1561.68	1598.78 7/1	1398.58 10/2		
	Mibtel General	24768.0	24847.0	24773.0	25297.00 8/4	22388.00 9/2		
Declines in Telecom Italia weighed on market.								
Japan	Nikkei 225	16685.88	16495.02	16697.11	16855.63 9/4	13232.74 5/1	0.78	83.1
	Nikkei 300	263.46	263.17	265.63	268.92 8/4	208.39 5/1		
	Topix	1314.44	1311.76	1328.90	1345.07 8/4	1048.33 5/1		
	2nd Section	1687.75	1685.22	1686.33	1758.58 9/4	1153.18 14/1		
Renewed buying of technology stocks pushed the Nikkei higher while steels and papers fell and falls beat rises 6 to 5.								
Jordan	Amman SE	174.24	173.82	173.25	185.58 7/3	168.48 1/3	na	na
Liquidity, local portfolio buying bolstered bourse at end of weekly trade.								
Malaysia	KLSE Comp.	636.43	618.70	621.53	636.43 22/4	484.57 24/3	2.41	16.6
Keen foreign buying of blue chips buoyed shares across the boards and turnover swelled to M$722m.								
Mexico	IPC	5334.86	5284.47	5337.64	5556.44 16/4	3360.42 13/1	1.17	17.9
♣Opened higher on expectations that official figures would show lower inflation and narrowing trade deficit.								
Morocco	CASA	778.41	778.81	776.13	846.82 1/2	768.68 14/4	na	na
Netherlands	CBS TotRtnGen	1392.8	1381.6	1369.7	1401.10 6/1	1241.10 13/1	2.11	26.6
	CBS All Shr	773.2	767.1	760.6	779.88 6/1	690.78 13/1		
Rising high-tech stocks helped market advance. Philips finished 4.5 per cent higher on good first quarter results.								
New Zealand	Cap. 40	2225.11	2197.56	2192.04	2261.39 22/2	2103.80 10/2	4.57	23
Telecom and Lion Nathan record strong gains while Carter Holt Harvey and Fletcher Paper eased back.								
Nigeria	SE All-Share	5312.86	5293.41	5290.89	5657.48 4/1	5290.89 20/4	na	na
Norway	Oslo SE Ind	2009.63	1963.27	1961.65	2009.63 23/4	1652.82 13/1	1.9	14.6
Rose to eight-month high, helped by 2.6 per cent surge in Norsk Hydro on better-than-expected first quarter results.								
Pakistan	KSE-100	1043.16	1032.98	1050.23	1079.58 10/3	852.44 8/2	5.3	6.5
PTCL rose 2.6 per cent in an otherwise mixed market.								
Peru	Lima Gen	1639.53	1629.60	1623.70	1639.33 22/4	1246.29 14/1	1.23	0.2
Philippines	Manila Comp	2338.41	2312.97	2358.65	2358.65 20/4	1894.59 11/2	1.11	18.6
Overnight Wall Street gains inspired buying. Rises beat falls fourfold as turnover rose to 2.78bn pesos.								
Poland	Wig	15448.0	15270.2	15219.5	15448.00 22/4	12581.19 15/1	0.77	18.4
Hit a new 1999 high in fifth consecutive close in positive territory, helped by rallies in US and Europe.								
Portugal	BVL 30	4454.38	4418.36	4384.43	5258.85 6/1	4370.85 18/3	2.23	25.5
	PSI 20	10224.91	10143.52	10097.43	12120.85 6/1	10063.08 18/3		
Russia	RTS	80.33	78.91	76.58	88.02 17/3	54.48 28/1	na	na
Market closed with strong gains, after two day slide, but traders puzzled about where momentum was coming from.								
Singapore	SES All-S'pore	506.90	499.46	488.89	506.90 22/4	351.45 10/2	1.63	29
	Straits Times	1862.39	1842.33	1809.48	1862.39 22/4	1286.56 10/2		
Lifted on very heavy volumes of 1.4bn shares. DBS Bank foreign, SingTel and SIA recorded strong gains.								
Slovakia	Sax	76.26	73.87	74.59	98.88 14/1	73.67 21/4	na	na
South Africa	JSE All Share	6740.5▼	6788.0	6822.2	6992.70 19/4	5404.80 4/1		
	JSE Gold	(u)	(u)	(u)	1310.80 15/3	847.50 26/2		
	JSE Indl.	7322.2▼	7386.5	7463.8	7711.60 19/3	6261.58 4/1		
Market led lower by continued selling of commodity stocks.								
South Korea	KoreaCmpEx**	740.40	743.36	770.43	770.43 20/4	498.42 24/2	0.65	30.3
Eased back after strong run. Falls beat rises by 3 to 2 as volume eased to 268m shares.								
Spain	Madrid SE	871.96	869.74	880.75	931.55 5/1	827.77 13/1	1.86	20.9
Ended little changed. Endesa jumped 2.3 cent on news of success in Chilean takeover battle.								
Sri Lanka	CSE All Share	542.30	542.89	543.58	587.79 13/1	529.81 18/3	na	na
Depressed by John Keells Holdings which fell 3 per cent after a large foreign sale was transacted.								
Sweden	AffarsverldnGen	(u)	3657.8	3612.4	3674.00 19/4	3288.40 13/1	1.87	21.6
Shares closed with modest gains in spite of disappointing first quarter result from bellwether Ericsson.								
Switzerland	SMI Index	7179.8	7124.7	7129.4	7688.80 6/1	6891.28 10/2	1.38	22.2
	SPI General	4580.92	4549.04	4550.17	4781.92 6/1	4392.83 10/2		
Market bolstered by banking sector as first quarter results from UBS took market by surprise.								
Taiwan	WeightedPr.**	7494.80	7474.15	7627.74	7627.74 20/4	5474.79 5/2	0.93	24.1
Financials and electronics pushed higher while most other sectors fell. Turnover eased to T$106bn.								
Thailand	Bangkok SET	402.33	397.93	408.11	412.18 19/4	313.65 11/2	0.56	9.4
Banks rose 2.5 per cent and financials lifted 1.7 per cent. Turnover eased to 5.47bn baht.								
Turkey	IMKB Nat 100	5154.20	4981.08	5018.70	5154.20 22/4	2408.87 25/1	2.55	19.8
Market at record high as optimism about formation of stable government continued.								
Venezuela	IBC	5026.80	4992.92	5029.18	5029.18 20/4	3705.91 5/3	1.78	16.4
Zimbabwe	ZSE Industrial	9009.27	8978.42	8989.14	9054.84 7/4	8465.64 5/1	na	na
WORLD	FT/S&P World($)	(u)	326.78	323.63	338.98 13/4	299.58 3/3	na	na
	MS Capital IntS	1229.0*	1221.8	1208.8	1244.30 13/4	1121.90 10/2	na	na
CROSS-BORDER	DJ Stoxx 50	3657.17	3620.60	3614.61	3723.38 13/4	3260.29 10/2		
	DJ Euro Stx 50	3678.61	3643.26	3613.96	3725.40 13/4	3325.58 10/2		
	FTSE E300	(u)	1283.36	1276.86	1318.88 19/4	1164.86 10/2		
	FTSE E100	(u)	2957.01	2944.38	3035.38 13/4	2663.79 10/2	na	na
	HSBC Drgn	(u)	279.76	279.75	279.76 21/4	204.59 9/2	na	na
	MS Bmgs Emrg	136.80	136.91	139.74	139.74 20/4	108.82 15/1	na	na

** Sat Apr 17: Taiwan Weighted Price 7581.90. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ XETRA-DAX after-hours index: Apr 22 - 5235.64 +51.67. † Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation. ♣ Yields and P/E ratios are based on Datastream Total Market Indices. ♣ Midsession.

THE NASDAQ-AMEX MARKET GROUP

4 pm close April 22

Stock	Div.	P/E	Vol 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

4 pm close April 22

Stock	Div.	P/E	Vol 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EASDAQ

[illegible]

Company	Mid price	Change on day	High	Low	Company	Mid price	Change on day	Volume	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCK MARKETS

Company figures put bourses in good shape

WORLD OVERVIEW

A fresh rise on Wall Street and a sustained flow of corporate announcements sent most European markets higher at the close while sombre economic news put a damper on recently buoyant cyclical stocks, *writes Bertrand Benoit.*

European technology issues were advancing for a second day following gains for their US peers and a fresh batch of results. Better-than-expected figures from IBM in the US and Philips in Europe provided support for the sector.

The best-performing market was Helsinki, up 5.7 per cent, boosted by a 9.8 per cent surge in Nokia, also on good first-quarter figures.

Telecom stocks remained in focus as confirmation of the Telecom Italia-Deutsche Telekom merger elicited mixed reactions from rivals. France Telecom fell 0.8 per cent while most other stocks greeted renewed M&A activity in the sector with gains.

"This is bad news for the large incumbent operators, who will face severe competition, but good news for the smaller, non-aligned ones because it may prompt further consolidation there," said a telecom analyst at ABN-Amro.

With corporate announcements dominating, a series of downbeat economic ones barely affected sentiment. French industrial output showed a 0.6 per cent fall in February, dragged down by lagging European demand.

Meanwhile, Hans Eichel, German finance minister, warned that Germany would probably miss its 1999 growth target, while Carlo Ciampi, Italy's treasury minister, said the state of his country's economy was "worrying". The pessimism cast a cloud over cyclical stocks.

"The shift into value was justified in the US, where the economy is booming, but the state of Europe makes us sceptical about the recent rise in industrial stocks there," said James Cornish at BT Alex Brown.

The rally in technology stocks was also felt in Asia, where Hong Kong delivered a 3.1 per cent rise, helped by hopes of an imminent interest rate cut. Kuala Lumpur posted a 3.2 per cent gain as foreign investors returned.

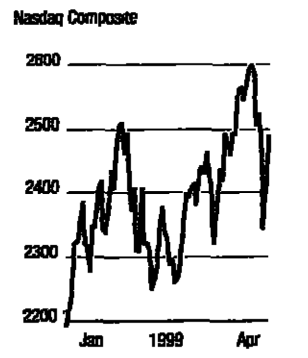
IBM surge helps Dow to 110-point gain

AMERICAS

The Dow Jones Industrial Average was up more than 110 points in early trading, carried higher by a 13 per cent rise for IBM shares, *writes John Labate in New York.*

The world's largest computer maker, which released first-quarter results after the market close on Wednesday, surprised investors with a 46 per cent rise in earnings, well above analysts' expectations.

US
Nasdaq Composite



Source: Datastream/ICV

IBM shares surged $23¾, a gain of 13.6 per cent, to $195¼ and powered the Dow up 110.54 or 1 per cent to 10,691.96. The broader Standard & Poor's 500 index climbed 13.16 to 1,349.28.

IBM's performance helped bring investors back to other computer producers, which until yesterday had lagged the rest of the technology sector in recovering from a sharp sell-off earlier in the week.

Hewlett-Packard, another Dow stock, rose 4 per cent to $75⅝ and Dell Computer was $2¾ higher to $75¼. The Nasdaq composite, weighted in technology shares, was 2 per cent higher at 2,538.76, a rise of 49.68.

With investors back into tech stocks, many Dow cyclical shares fell after recent rises, including International Paper, off $⅝ to $52¾, and Caterpillar, down $1¾ to $60. Tobacco company Philip Morris was up $¾ to $34¾ after quarterly results.

The rally in stocks helped put the Treasury market under pressure. By midday the benchmark 30-year bond was down ⅝ or 95 4/16, sending the yield up to 5.574 per cent.

The Russell 2000 index of small-company shares gained less than a point at 427.35.

TORONTO continued to push higher as investors took their cue from the strong start on Wall Street and an active morning for telecommunication stocks.

News of political progress in the planned tie-up between European giants Deutsche Telekom and Telecom Italia created interest in telecoms. Northern Telecom rose C$2.05 to C$106.95 and BCE gained 80 cents to C$72.55.

Banks were mixed. Royal Bank of Canada added 45 cents at C$77.20 but Toronto-Dominion Bank, up C$7.50 in two days, fell back 50 cents to C$79.20. Bank of Montreal gave up 10 cents at C$66.

An upbeat annual meeting lifted Alcan Aluminium 15 cents to C$42.45. *A warning that the final quarter of 1999 could slide into the red sent* Mitel down C$2.35 to C$27.15.

Golds leader Barrick also lost ground in spite of a 16 per cent improvement in first-quarter net earnings. The shares fell 35 cents to C$27.15.

São Paulo produces robust return to work

SAO PAULO returned from a one-day holiday in robust shape, rising steadily in early trading, although the market later lost some of its steam. The Bovespa index, which showed a 2.5 per cent rise at the opening, was 109 or 1 per cent higher to 11,099 at midsession.

MEXICO CITY was forging ahead as investors expected official figures due later in the day to show lower inflation and a narrowing trade deficit. The IPC index was 36.31 or 0.7 per cent ahead to 5,320.78 at midsession.

SANTIAGO went its own way, weakening 1.75 or 1.4 per cent to 125.75 on the IPSA index, following news that Duke Energy of the US had dropped its bid for generator Endesa-Chile.

Endesa was unchanged at 235 pesos at midsession as its Spanish namesake was left alone in the takeover race.

Poor data pare back Dax

EUROPE

European markets rallied for a second day with the FTSE Eurobloc 100 index, which covers leading euro-zone companies, adding a further 7.20 to 1,061.52.

The FTSE Eurotop 100 index, covering companies both inside and outside European economic and monetary union, gained 29.95 to 2,986.96 while the broader-based FTSE Eurotop 300 index rose 15.47 or 1.2 per cent to 1,298.83.

Narrowly based sectors – each with just one stock – led the performance charts with distribution up 8.7 per cent and health 5.6 per cent. *Computers rose 3 per cent* and banks, buoyed by a broker upgrade for Deutsche Bank, rose 3.2 per cent.

FRANKFURT unwound early gains towards the close of the session as economic concerns countered a strong start on Wall Street. The Xetra Dax index, which touched a session best of 5,261.58, ended 51.07 higher at 5,226.64.

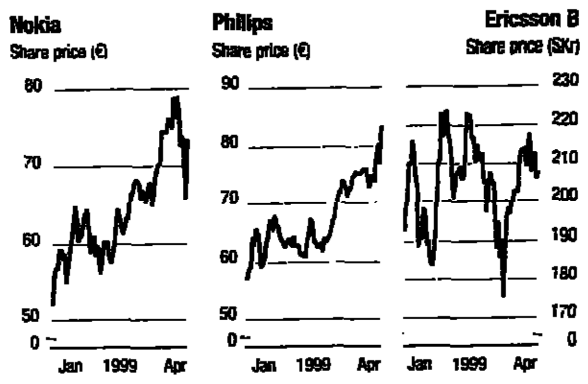
Banks supplied much of the momentum with broker optimism and European Commission approval for its takeover of Bankers Trust of the US lifting Deutsche Bank €2.47 to €50.76. The day's best level for the shares was €52.28. Dresdner gained €1.55 at €37.80.

SAP, which put out better figures than expected on Wednesday, continued to climb, adding a further €9 at €330 helped by a Deutsche Bank upgrade. Siemens also drew broker plaudits, gaining €2 to €70 after an upgrade at BNP.

The market stayed cool on Deutsche Telekom's plans for a merger with Telecom Italia. The shares, which stood at €41.34 a week ago, slipped a further 78 cents to €35.30.

PARIS finished flat at the end of a volatile day, with *the CAC-40 advancing an* insignificant 0.25 to 4,291.85. A midsession drop in market heavyweight France Telecom added to the dent made in early gains.

Shares in the French carrier finished 60 cents weaker to €74.15, hurt by news that the planned Deutsche Telekom-Telecom Italia merger was due to go ahead.



Source: Datastream/ICV

For full FTSE European indices see Euro Markets page.

Technology stocks had a buoyant day, benefiting from the recently brightening outlook for their US peers. Volatile STMicroelectronics powered €5 or 5.1 per cent ahead to €103.50 while Cap Gemini surged €5.10 or 3.9 per cent to €137.50.

Meanwhile, cyclical stocks continued to fall, casting doubt on the *sustainability* of their recent good run. Saint-Gobain was €1.40 lower to €164.10, while Legrand gave up €3.40 to €222. Lafarge retreated a steep €4.55 to €91.30.

AMSTERDAM added more than 1 per cent for a second day, *climbing 6.35 to 561.56* on the AEX index after another strong session for a number of heavyweights.

Unilever, a dull market for most of this year, was firm on broker optimism ahead of next week's first-quarter results statement. The *shares gained €1.55 to €64.90.*

Philips shot ahead, closing €3.60 or 4.5 per cent higher at €83.40 after a session best of €84.90 on first-quarter results that comfortably surpassed analysts' expectations.

ZURICH called a halt to a *two-day slide, boosted by a* strong performance in the banking sector and the SMI index finished 55.1 higher at 7,179.8.

UBS jumped SFr22 to SFr509 as the bank's first-quarter results took the market by surprise. Some analysts suggested that *the* share could test SFr600 soon. CS Group also had a good day, adding SFr7 to SFr289.50.

Novartis, hit hard on Wednesday after the publication of first-quarter figures that were at the lower end of expectations, lost another SFr40 to SFr2,225. Rival Roche certificates edged up SFr20 to SFr17,425.

Telecommunications company Swisscom gained SFr27 to SFr529 after a big sell order was absorbed by the market.

ABB, one of Wednesday's few winners in the wake of strong first-quarter figures, gave up SFr30 to SFr2,128.

MILAN was weak, although off its worst levels, after a day in which declines in Telecom Italia had weighed on the market. The *Mibtel index picked up from* a low of 24,687 to close 79 weaker at 24,768.

Telecom Italia gave up early, modest gains as investors registered a lack of enthusiasm for details emerging on the merger plan with Deutsche Telekom. The Telecom shares finished 0.7 per cent weaker at €9.84.

Olivetti put on 2.5 per cent to €3.07. Its €11.50-per-share cash and bond offer for Telecom Italia is scheduled to start on April 30.

HELSINKI shot up 5.7 per cent to an all-time high as *Nokia soared after reporting* that first-quarter profit before extras had almost doubled.

The result, better than most expectations, came on top of an upbeat start for the share in the wake of the Nasdaq's overnight rally in New York.

Nokia closed €2.75 higher at €73, off a high of €79, and the general index rose 380.11 to 7,030.24.

STOCKHOLM marked Ericsson sharply lower after the world's third largest mobile telephone maker said first-quarter profits had halved, much worse than the market had expected. The shares dropped SKr4.50 to SKr207.50 as the company warned that full-year profits would not match 1998.

In the opposite direction, SKF, the world's largest rollerbearings maker, soared SKr15.50 to SKr145 as its first-quarter profits came in well ahead of expectations.

The general index finished *19.02 higher at 3,607.00.*

Written and edited by Michael Morgan, Jeffrey Brown, Peter Hall and Paul Gregan

Johannesburg slips further

SOUTH AFRICA

Shares in Johannesburg moved lower for the third successive session as sentiment stayed broadly negative ahead of the long South African weekend.

The all share index closed off 45.5 at 6,740.5. Resources led the way down, losing 97.4 or 1.3 per cent at 7,360.9.

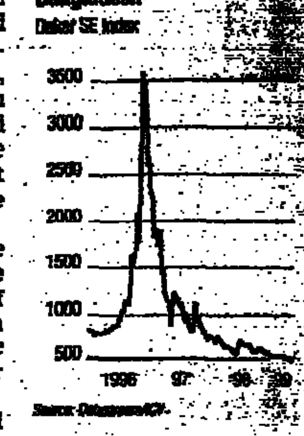
Industrials gave up 44.3 at 7,322.2 while financials showed little change, ending off 4.4 at 9,403.9.

EMERGING MARKET FOCUS

Trials mount for Bangladesh

Stock markets in Bangladesh, which crashed in 1996 after a trading scandal, are again on the rocks, losing about 10 per cent in the past three months, and blame is being laid at the door of those thought responsible for the collapse three years ago.

Bangladesh
Dhaka SE index



Many brokers on the Dhaka stock exchange are now on trial, accused of manipulating share prices in 1996. The accused include the current and former chairmen of the exchange.

Analysts have accused them of again engaging in syndicate trading aimed at weakening the markets in order to put pressure on the government to withdraw the cases against them.

Among those charged with driving share prices artificially high in 1996 and subsequently selling much of their *equity, causing the markets* to plunge, are many of the pillars of Bangladeshi finance and industry. The collapse was dubbed the slaughter of the innocents because many small investors lost their life savings.

Facing charges are Sohel Rahman and Salman Rahman, the chairman and deputy chairman of Beximco, Bangladesh's largest industrial group.

Ruma Alam, former managing director of the Peregrine investment brokerage, is also on trial. After Peregrine went bankrupt in 1997, its Bangladesh operation resumed as Union Capital Bangladesh.

On January 2, the Dhaka stock exchange All-Share index was at 540.12, which brokers then described as "rock bottom". On Thursday, the index closed at 491.84, causing further despondency.

Immediately before the crash at the end of 1996, the index rose above 3,600, up from about 700 in only four months.

Mohamed Abu Said, Securities and Exchange Commission chairman, in an interview at the end of last year before the trials began, said the market had never recovered from the collapse. "Investors never regained their confidence," he said.

Analysts fear the subsequent introduction of computerised trading and greater supervision on the Dhaka and Chittagong exchanges has failed to restore confidence.

The SEC launched an investigation after the crash, and identified 34 people from 15 companies as responsible for it. All are now on trial.

The Dhaka stock exchange has urged the government to restructure the capital markets to allow companies to buy back their own shares and to avoid double taxation on dividends. Both investors and share-issuing companies currently pay tax on dividends.

The weakness of Bangladesh's capital markets is a source of concern to international aid donors who met in Paris this week.

The donors want the government to tighten controls to make it more difficult for a relatively small group of operators to manipulate the market. Given its size – the capitalisation is about $900m – the market is seen as vulnerable to abuses by brokers.

David Chazan

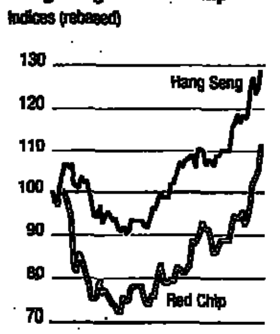
Tokyo pulled higher by Dow

ASIA PACIFIC

Wall Street's overnight record led by technology-related shares lifted TOKYO more than 1 per cent, *writes Naoko Nakamae in Tokyo.*

The Nikkei 225 Average rose 170.86 to 16,665.88 after trading between 16,484.08 and 16,665.88. Other indices were also up, with the weighted Nikkei 300 index adding 0.29 at 263.46 and the broader Topix index of first-sector stocks hardening 2.68 to 1,314.44. Volume was moderate at 474m shares.

Hang Seng and Red Chip
Indices (rebased)



Source: Datastream/ICV

Internet stocks shot up. Softbank jumped 14.76 per cent or Y2,000 to Y15,550 and Yahoo! Japan rose 13.31 per cent or Y4,700,000 to Y40,000,000.

Technology-related stocks also rose sharply. NEC was up 6.08 per cent or Y76 to Y1,326 while Toshiba jumped 4.88 per cent or Y38 to Y816, Fujitsu climbed 4.17 per cent or Y80 to Y2,000 and Hitachi 2.8 per cent or Y23 to Y844.

The iron and steel sector was the worst performing sector of the day, falling 3.52 *per cent. Heavily traded* steel companies continued to slide, with Kobe Steel dropping 3.67 per cent or Y4 to Y105, Nippon Steel 3.6 per cent or Y10 to Y268 and NKK 1.05 per cent or Y1 to Y94.

Japan Telecom rose 10.53 per cent or Y160,000 to Y1,680,000 on reports that AT&T and British Telecom were each about to buy a 15 per cent stake.

In Osaka, the OSE index gained 36.54 to 17,761.61.

KUALA LUMPUR climbed 3.2 per cent to close at a 12-month high on strong foreign demand for large-capitalised stocks.

The composite index put on 19.73 to 636.43, led by heavy buying of banking stocks which pushed the *financial sector 4.6 per cent* higher. Local funds, meanwhile, shifted their focus to second-line stocks, which had been lagging behind the market. The heavily traded Padiberas Nasional gained 23 cents to M$1.46.

HONG KONG shot up 3.1 per cent as hopes of a local interest rate cut today drew overseas funds into the market. The Hang Seng index broke through 13,000 for the second time this week, but ended at 12,938.54, up 389.78 *in turnover that surged to* HK$11.1bn.

Strong demand for technology and telecoms stocks spilled over to blue chips during the afternoon. However, red chips were even stronger performers as investors sought to capitalise on better valuations and give a welcome to the opening of US-China negotiations on China's entry into the World Trade Organisation.

The red-chip China Affiliated Corporations index surged 5.3 per cent to 1,017.11.

SYDNEY reached a fresh record close in the last minutes of trading, buoyed by Wall Street's overnight rally and a surge of interest in selected blue chips. The All Ordinaries index rose 50 or 1.6 per cent to 3,118.3, ending a two-day fall.

Leading the gainers were banking stocks, with National Australia Bank hitting a new high, up 71 cents or 2.4 per cent to A$30.14.

WELLINGTON got a boost from a rally in telecom and other undervalued stocks that lifted the 40 Capital index 27.55 or 1.3 per cent to 2,225.11.

NZ Telecom reversed some of its recent losses, adding 21 cents to NZ$9.34, while brewer Lion Nathan, another recent loser, gained *18 cents to NZ$4.58.*

Leader by volume was Brierley Investments, which lost 1 cent to 55 cents ahead of the announcement of a new business plan due within the next few days.

BANGKOK rose with most Asian markets despite a last-minute sell-off that dented the day's gains. The SET index closed 4.40 or 1.1 per cent ahead to 402.33 in moderate turnover.

Among the most active sectors, bank stocks rose 2.5 per cent while finance issues gained 1.7 per cent.

BOMBAY came under pressure when speculators unwound positions as political uncertainty continued to cast a shadow over the market. The BSE-30 index lost 1.61 per cent or 55.80 to 3,408.74.

The passage of the budget by the lower *house of parliament* brought relief briefly, but the delay in forming a new government after the Bharatiya Janata party-led ruling coalition was voted out of power on Saturday unnerved many participants.

هكذا من الأصل

RECRUITMENT

RICHARD DONKIN

Working up an appetite

Outplacement companies are now helping executives find their former enthusiasm

Another birthday has been and gone. I buy my own presents these days and still manage to be disappointed when I open them. This is what happens in middle age, a creeping apathy about everything. Companies developed a less than imaginative response to this condition during the early 1990s, particularly among middle managers.

A whole industry grew up to help those who were being thrown on the scrap heap prematurely. The aim of outplacement was to ease your unwanted managers out of their job with a minimum of pain. It still happens and it still hurts, although most people insist there is little stigma attached these days because redundancy has become so commonplace.

Some companies, however, have realised that people are not intrinsically useless, but that circumstances can create a fall in performance such as placing someone in a job to which they are wholly unsuited. If a company can identify and react to the problem an employee might be able to recapture their former drive and enthusiasm.

Outplacement companies, worried about falling business from corporate clearouts, have been among the most active businesses exploring consultancy in career development. The idea is that managers or executives can indulge themselves in a course of self-analysis, find out what they want to do next, and decide whether they can find it in their companies.

I always think the best way to test these services is to try them so I accepted an offer from Sanders & Sidney, the outplacement company, to undergo its career management process. This was before it produced a thick ring-bindered sheaf of forms and questionnaires to complete beforehand.

One test new to me was the team role test devised by Meredith Belbin in collaboration with Henley Management College. An individual's potential role in a team is listed in one of eight categories. My strongest score was as a "resource investigator" – extrovert, enthusiastic, communicative, explores opportunities but can lack self-discipline and be impulsive, it said. My weakest showing was as a "completer-finisher", someone who is painstaking, conscientious, anxious, searches out errors and omissions and delivers on time.

The results seemed puzzling since it was not much more than a year ago that two other popular personality tests had me down as an introvert.

Never mind, said Clare Neal, the Sanders & Sidney consultant whose job it was to analyse the results, there were plenty more clues in the other forms. These sessions are great fun because you get to talk about yourself and only yourself, like seeing a psychiatrist without the hang-ups. One question asked: What would you most like to achieve in your social life? Answer: I would quite like to have one.

The process continued on a flip chart with boxes and four headings – strengths, weaknesses, opportunities and threats. The weakness box was filled alarmingly quickly so I was not surprised that the first entry in the "strengths" box was "creates mechanisms to deal with weaknesses".

Another chart headed "The Future" contained a game plan which involved buttering up lots of people – or networking – to account for various eventualities. Did the session help? Having done some self-analysis exercises before I already had a good idea of my options but the process did clarify some points and suggest ways to deal with potential problems.

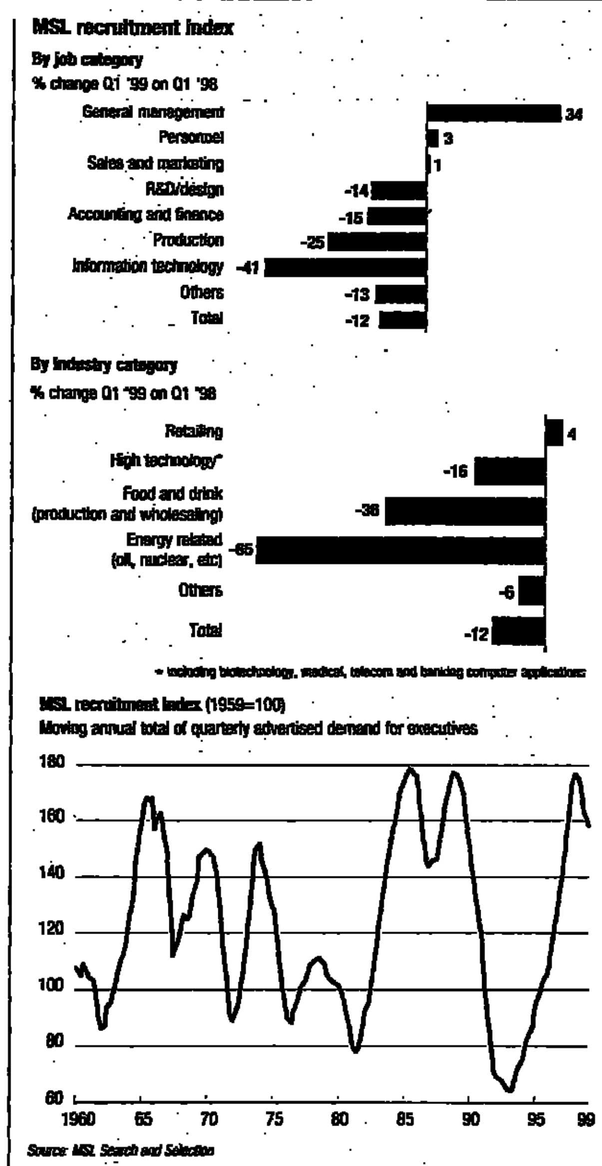
"Some people just have no idea where they're heading or what they want to do. In those cases the process can be very revealing," says Ms Neal.

Demand falls

Advertised demand for executives in the UK is down 12 per cent in the first quarter of 1999 compared with the same period last year, according to statistics gathered by MSL Search and Selection.

The moving annual total continues to dip. One high spot is the strong demand for general managers, up by 34 per cent on the same period last year but demand for production, accountancy and IT managers fell. The only sector showing signs of a recovery is retailing, pointing to increasing consumer confidence.

richard.donkin@ft.com



WORKING BRIEFS

US headhunting jobs rise in media and communications

Headhunting jobs in the US increased by 3 per cent in 1998, according to members of the Association of Executive Search Consultants. Some of the biggest increases were in media and communications, leisure and non-profit businesses.

They said that a drop in demand for executives in marketing companies was offset by an increase in searches to fill positions in company marketing departments.

Other functional areas of companies highlighting increasing executive demand were human resources, information technology and finance. Is this a sign that the fashion for outsourcing is coming to an end?
Details: 001 212 398 9556

BBC videos

The BBC and The Centre for Tomorrow's Company have launched a series of videos and booklets based on interviews and case studies in various aspects of management featured on the *BBC Business Breakfast* show.

The half-hour programme on "The Employee Relationship" focuses on companies such as John Lewis, Hewlett Packard, Bupa and Nordstrom, the US retailing company. One example quoted is an extract from the Nordstrom rule book: "Rule one: Use your good judgment in all situations. There will be no additional rules." Excellence does not come cheaply. Each of the eight programmes, booklet included, costs £295.
Details: Rebecca Guinea + 44 81 576 2867

Graduate bonus

More companies are using the internet to attract graduates and some are offering signing-on bonuses, according to The European Recruiters' Report, based on data from 41 large employers. But employers surveyed for the report said they expected to take on slightly fewer graduates this year than last. Competition remains fierce, however, particularly in information technology, hence the growing popularity of signing-on bonuses of up to 10 per cent of the first year's salary. The report by PRL, career communications specialists, costs £75 plus VAT.
Details: Andrew Crisp, tel +44 0171 910 7242

BANKING FINANCE & GENERAL APPOINTMENTS

West London, UK — *Competitive + relocation package*

Senior Executive – European Risk Management

Credit Risk Management in Europe is evolving – and fast. Many markets, although quite firmly established, have yet to achieve their full potential, and still the scope for development is immense. Rare opportunities will present themselves to senior professionals who can define and actively build the Credit Risk infrastructure of the future. This role is a perfect example.

GE Capital European Equipment Finance is part of GE Capital Services, one of the world's largest and most diverse financial services organisations. We provide innovative leasing programmes and solutions for all types of industry, and currently have operations in 14 different countries with Net Earning Assets of $6 billion. We want more.

As Senior Risk Officer reporting to the Director - Credit and Risk Management, you'll manage our "targeted for growth" countries that include Spain, Portugal, Italy, Belgium, Holland, Ireland and Eastern Europe. Within this complex arena you will be directly responsible for defining and implementing risk management best practice and playing a leading role in determining the appropriate organisational infrastructures based on business and country needs.

Crucially, you'll bring all your experience to bear in an environment where creative and strategic thinkers flourish. Only those with real European vision and a minimum of 15 years' experience in commercial Credit and Risk Management (5 gained at senior level) will be considered. Written and oral fluency in English plus one other European language is also preferred.

An excellent salary and impressive range of benefits including a relocation package is offered. For more information, or to apply, please contact either Ruth Almond or Sandra Bohle, at CSA Management Consultants, Century House, Priestley Road, Basingstoke, Hampshire RG24 9RA, United Kingdom.
Tel: +44 (0) 1256 818811. Fax: +44 (0) 1256 356084.
Email: sandra_bohle@csa.co.uk

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With a world-class client base, our Financial Services Regulatory Consulting Group is the largest regulatory consulting practice in the UK. Our clients are faced with the constant task of adapting their operations to take into account the impact of changing regulations.

In response to increased need for these services, we seek to strengthen our team with a number of experienced regulatory specialists. You will have a variety of work advising clients to resolve complex regulatory issues and help them anticipate and react positively to developments in both regulatory and business practice in the future or alternatively undertaking investigations when problems arise.

With between 3 and 8 years' compliance and regulation experience whether in the institutional or retail markets, you will be a specialist who can diagnose and deliver regulatory solutions, while helping to grow our practice. Together with your sound knowledge of national and international regulatory issues, you are by nature both an effective communicator and analyst. You have the vision and commercial insight necessary to understand clients' businesses and the broader regulatory environment.

In return, you can look forward to the development, progression and package that you would expect from the world's largest professional services firm.

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To apply, please send a comprehensive CV to: Paul Maxin, PricewaterhouseCoopers, No.1 London Bridge, London SE1 9QL.

PricewaterhouseCoopers refers to the UK firm of PricewaterhouseCoopers and to other member firms of the worldwide PricewaterhouseCoopers organisation. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Corporate Finance Associate
Oil and Gas Sector

ABN·AMRO Bank

ABN AMRO is a major universal bank with a strong international focus, its network of offices operating in 71 countries world-wide being virtually unmatched by any other bank. With assets of US$414 billion, ABN AMRO also ranks as the 4th largest bank in Europe and the 8th largest in the world. (*The Banker* July '98)

A team of oil and gas corporate finance specialists, independently rated as the leading oil and gas advisors in Europe, was hired at the end of last year joining ABN AMRO's extensive investment banking operations in London. This team is now seeking to recruit an additional executive at Associate level.

The Associate will work as part of the team advising clients on the sale and purchase of upstream and downstream oil and gas assets and companies world-wide, and will be involved in undertaking financial valuations and in the preparation of marketing ideas. Applicants should have a degree from a leading university, and have two to five years' experience working in or with the oil and gas industry in a financial, commercial or technical capacity. They should have excellent analytical and communication skills - both written and oral - and be familiar with discounted cash flow analysis.

Remuneration will be competitive with leading investment banks, including performance-related bonus. Applicants should send a curriculum vitae to
Fiona Prentice, Beaufort House, 15 St Botolph Street, London EC3A 7QL.

Relationship Manager - Investments

Outstanding opportunity with a leading international private bank

London — **Competitive Package**

Our client is the international private banking arm of a major European financial services group. With a strong presence in the UK and a global office network, the bank offers a broad spectrum of services and advice in respect of personal wealth management. Its success is founded on a first rate reputation for service and independent professional advice of the highest quality.

The continued growth and development of the business has resulted in a requirement for an additional private banker with investment expertise. The appointed candidate will provide excellent service and expert advice to the bank's most sophisticated investment clients. He/she will form part of a high calibre team with a remit to build and manage strong, enduring relationships with clients. An important part of the role will be to work closely with portfolio managers internally and keep abreast of global markets.

This role requires a relationship and investment management background in private banking, fund management or private client stockbroking. A broad knowledge of global investments across a range of asset classes will be required, as well as an understanding of the investment process, including asset allocation and portfolio construction. Familiarity with UK taxation law would also be beneficial, together with a broad understanding of the financial planning aspects of advising private clients.

Candidates are likely to be educated to degree level, with a relevant investment qualification. They must have excellent communication and interpersonal skills, strong personal presence, high energy levels and initiative. Sound judgement and a collaborative, team oriented style will also be essential.

This is a unique opportunity to make a significant contribution within a leading international private bank offering excellent career opportunities. Remuneration will be highly competitive and will include a performance related bonus and a full range of other benefits.

Please send a full CV in confidence to GKR at the address below, quoting reference number 99407L on both letter and envelope, and including details of current remuneration.

GKR

Queensberry House, 3 Old Burlington Street
London WIX 1LA.
Tel: 0171 534 0077. Fax: 0171 534 0006.
E-mail: ASerby@gkrgroup.com

DIRECTOR OF DERIVATIVE TRADING
SWISS OFFICE

Fast growing international options market making firm has an immediate opening for an individual who can lead this key office to the same level of success experienced by its sister in Germany and the US.

Candidate must possess extensive option market making experience, demonstrated management and leadership skills, and familiarity with risk management systems, market data services, and exchange rules.

We are looking for a person who leads by example and is a team player. The right candidate possesses a high level of energy, has demonstrated success as a coach, and can serve as mentor to our experienced and new traders. The Director of Derivative Trading reports directly to the Managing Directors.

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Email applications with cover letter and CV should be made to the European Search Committee at escs@archelon-us.com.

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CORPORATE HIGH YIELD BOND ANALYST

DUBLIN

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This role requires indepth analysis of high yield corporate bonds on a company-by-company basis, within the European and US markets. More specifically, responsibilities include analysis of all sectors whilst liaising with our equity research analysts; taking responsibility for the overall performance of your sector measured against the relevant benchmark and lending support to portfolio allocation decisions.

This role requires at least 2-3 years' relevant experience of fixed income and corporate bonds. Excellent communication skills are essential, as is the ability to make rapid, but considered, business decisions.

To discuss this further please contact the advising consultants David Hunter on (00 44) 171 804 3661 or Tara Nolan on (00 353) 1 662 6703 for a discreet conversation about your role in the EuroPlus adventure. Alternatively please send your details to them, quoting reference DH2014 at:

Executive Search and Selection
PriceWaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: (00 44) 171 378 0647
E-mail: d.hunter@uk.pwcglobal.com
www.pwcglobal.com/executive/uk

Leading US Investment Bank

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Excellent Package + Bonus / CITY

Our client is a highly effective, prestigious broker, one of the largest equity houses globally. With an excellent reputation in European and US equity research, the firm has a strong commitment to research and a reputation for the quality and depth of cover.

THE POSITION

- Senior member of a pan-European editorial team.
- Close contact with analysts. Edit investment research ideas for external and internal use.
- Input into design of research products.
- Assist with development of written product and research marketing and distribution.

QUALIFICATIONS

- Successful editor either within leading broker or experience in financial journalism. Alternatively, an equity analyst.
- Thorough and rigorous analytical mind. Able to write in depth.
- Highly motivated team player with excellent management skills.
- Commercially aware and good communicator.

SAINTY HIRD & PARTNERS

SHP ASSOCIATES

Please send a full cv and current salary details, quoting ref: 990312, to Jessica Thompson, SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: jessica@shpa.co.uk Internet: http://www.shpa.co.uk

Account Executive - ADRs

London - Competitive Package

J.P. Morgan is a leader in global finance. We advise on corporate strategy and structure; raise capital; develop, structure, and make markets in financial instruments; manage investment assets; and commit our own capital to promising enterprises. J.P. Morgan is the world's largest ADR bank, based on total dollar trading volume and institutional investment. As part of the expansion of our ADR business, we are looking for an individual to further strengthen our presence in European markets.

The Role

- European ADR client relationship management, working with Country Managers
- Co-ordination and transaction of ADR activities with major European corporates
- Assisting clients with ADR programme development and Investor Relations initiatives

The Candidate Profile

- At least three years financial services experience, with prior client experience
- Team-orientated, with first-class written and verbal communication skills
- University graduate with fluency in at least one other European language

This position represents an outstanding opportunity for a highly-motivated, determined, and enthusiastic individual wishing to become part of a successful team.
In the first instance, please post, fax or e-mail your curriculum vitae to Harry Chetwood at Richmond Selection, 15 St Helen's Place, Bishopsgate, London EC3A 6DE.
Fax: 0171 628 5551 Tel: 0171 628 5550
E-mail: hc@richmond-sel.demon.co.uk

JPMorgan

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Relationship Managers

Bristol and Solent **£ Excellent**

Our client is a highly regarded and innovative UK based Corporate Bank providing a full range of services to corporate clients through a network of regional offices. Each has an in depth understanding of local businesses and the environments in which they operate. To reinforce this strategy, it is now looking to recruit a number of ambitious individuals for the Bristol and Solent regional offices.

Senior Development Manager – Solent

The role:

- Your role will be dedicated to attracting new and growing mid-corporate businesses together with cross-selling the product specialists from across the Group.
- Maintain excellent relationships with the professional community/financial intermediaries to become their preferred choice of business referral to provide 'one-stop' funding.
- Maximise the sharing of information and market intelligence amongst the different group functions to develop further new business opportunities.

Relationship Managers – Bristol and Solent

The role:

- Responsible for a portfolio of customer relationships, managers will take a proactive role with their clients in developing new business.
- Experienced in pursuing relationships with new business (start-up and competitor banked) using a structured prospecting approach with a view to profitably growing the customer portfolio.
- Ensuring the delivery of quality service which satisfies individual customer requirements.

Suitable candidates will have a proven track record of business development probably gained within a major financial institution. Successful candidates will be ambitious to make a personal impact on the business stemming from a developed profile of contacts within the communities in which they are located. They will be self-starters with a high sense of achievement and will have a good understanding of business, market analysis and risk.

Michael Page City have been retained on an exclusive basis and interested candidates should contact Robin Keck or Richard Colgan on 0171 269 1872 or write to them enclosing full CV and details of current salary package, at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986, quoting reference 503101. e-mail: robinkeck@michaelpage.com Please state in which geographical region you would like to work.

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The individuals will be involved in all aspects of the venture capital business: identifying, evaluating, negotiating and executing investment opportunities. Commercial awareness, in addition to strong analytical and interpersonal skills are essential; together with a demonstrable ability to build successful relationships with management teams, vendors and advisers. In addition, the successful candidates must be able to demonstrate the following:

Transaction Team

- Excellent academic credentials.
- Minimum of three years venture capital investing experience with another venture capital company, an investment/commercial bank, or a consultancy or professional services firm specialising in MBO/MBI or venture capital advisory.

Technology Team

- Engineering, Science degree or PhD.
- A fast track career with relevant experience gained in a technology company, investment bank, consultancy or professional services firm.

The remuneration package will be highly competitive including a bonus and capital package.

Please contact Annabel Haywood on 0171 269 1862 or send a full CV to Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. e-mail: annabelhaywood@michaelpage.com Ref 496867

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Corporate Finance Manager

European/Asian Focus

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London **£ Excellent**

Our client is a leading Mergers & Acquisitions adviser with a first class reputation for providing high quality strategic solutions to clients on complex issues. The client's advisory services encompass the entire range of M&A activities from the initial preparation of customised strategies to final closing, with a strong emphasis on transactions that cross industrial and national boundaries.

The client is fully committed to its strong "West to East/East to West" M&A franchise which comprises teams of experienced corporate financiers in Europe and Asia. It benefits from a strong network of local offices throughout Asia and is developing a variety of M&A transactions in this fascinating and expanding market.

Due to the success of the London based business origination team, the need has arisen to recruit a further experienced investment banker. The primary emphasis will be on managing the execution of transactions within this small, non-hierarchical team. In addition, the individual would be expected to support the identification of potential deals and business development.

Key attributes sought include:

- 3-5 years international M&A experience gained within a well established investment bank or accountancy practice.
- Strong transaction execution skills.
- Good technical skills (including company valuations/modelling etc).
- An entrepreneurial, flexible and hands-on approach.

This is a superb opportunity for an ambitious professional to advance their career within a busy corporate finance team. The role offers tremendous scope for individual development and earlier responsibility than may be available elsewhere.

Interested candidates should contact Jayne Philpott on 0171 269 1869 at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. Ref 487531. e-mail: jaynephilpott@michaelpage.com

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Associate - Emerging Markets

We are looking for someone with strong analytical skills, preferably with a solid banking or accountancy background, to join our West Asia group, which is responsible for supervising banks from the Middle East region.

This role involves monitoring the banks' day-to-day operations in the UK in order to ensure compliance with the Banking Act. You should be able to assimilate information and take appropriate action, prepare briefings for other members of the FSA team, and be prepared to familiarise yourself with the banks' operations both in the UK and in their home country – which will include some overseas travel.

A good team-player, you'll need excellent communication skills, including the ability to draft reports and letters clearly and concisely.

You should also be able to manage an occasionally heavy workload, reacting quickly and decisively to changing priorities, and be prepared to adopt a flexible approach.

This is an ideal opportunity for an ambitious professional to gain expertise in an exciting, developing area of world finance and contribute to the evolution of the FSA's overall policy.

For an application form please telephone 0171 269 6204 quoting reference LW424.

Closing date for receipt of completed application forms: 6th May 1999.

FSA

Financial Services Authority

Assistant Fund Manager

European Equities

Our client, a medium-sized, City-based investment management company with an excellent record of performance and an ambitious strategy for growth, wishes to recruit a second member for its Continental European equities desk. Working closely with an experienced fund manager, the person appointed will be responsible for undertaking research and stock selection for life, pensions and unit trust portfolios with a total value of £350m.

Candidates are likely to be IIMR qualified graduates with at least two years' experience in European equity fund management. Consideration will, however, also be given to candidates with a similar level of experience in other major equity markets who are keen to develop a career in European equities. Applicants should possess well-developed communication skills and a self-motivated, team-minded approach.

The position offers an attractive salary and bonus package together with the opportunity to join a friendly, highly committed investment team. To apply, please write in confidence to:

Michael Thompson, IMR Recruitment Consultants, Walbrook House, 23 Walbrook, London EC4N 8LD (Tel: 0171 477 6500).

I M R

INVESTMENT MANAGEMENT RESOURCES

Head of Risk Management

- **Luxembourg**
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Our client, a major financial services organisation with a world wide customer base, is committed to providing the highest level of service and responding quickly to the changes in the world's financial markets. In order to face the challenges of the next millennium they now seek to recruit a high calibre individual to join their senior management team.

Reporting to the Chief Financial Officer, the Head of Risk Management will lead the process to establish a dynamic risk management function which will enhance shareholder value. In doing so, he or she will create a comprehensive risk management framework to ensure all risk factors are identified, evaluated and addressed. This will involve managing and substantially developing the existing risk function and working closely with Business Unit managers.

The successful candidate will be highly intelligent and have an excellent track record with a leading bank or high profile financial services consultancy. This experience will include an understanding of aspects of risk management including operational, IS and market risk. The position requires a natural leader, who can facilitate change and is able to demonstrate the resilience, flexibility and diplomacy required for this challenging role. The appropriate individual will have excellent communication skills, including fluency in English and must be comfortable functioning in a dynamic, multi-cultural environment. This is an opportunity for an ambitious and highly capable professional to make a substantial contribution and accelerate their career.

Interested candidates should apply in writing with full career details, including salary and quoting reference D2104 to Janina Harper, KPMG Search & Selection, 1–2 Dorset Rise, Blackfriars, London EC4Y 8AE. Fax: +44 (0) 171 311 5872. E-mail: janina.harper@kpmg.co.uk

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THE ROLE

- Key member of the team responsible for managing assets invested in the United States. Report to the Head of the North American team.
- Provide recommendations on stock selection; maintain broad sector responsibilities in an environment where in-house research is a critical part of the investment process.
- Contribute to the development of the team's business objectives, both in terms of investment performance and marketing.

THE QUALIFICATIONS

- At least eight years' investment experience, including five years covering US equities. Extensive knowledge of all the major sectors; understanding of technology companies an advantage.
- Proven, successful investment record covering North American equities. Experience of managing unit trusts is desirable.
- Computer literate and a team player able to express views in an articulate and effective manner within the firm's team-orientated culture.

Tel: 0171 298 3333
Fax: 0171 298 3388
Email: shotchkiss@spencerstuart.com

Selector Europe
Spencer Stuart

Please reply with full details to:
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16 Connaught Place,
London W2 2ED

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VIENNA

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- Multi-category scope - across coffee and confectionery.
- Offering real opportunity for advancement.

As a results-oriented leader, you will have 8-10 years' experience of gaining strategic advantage through market research using quantitative and qualitative methods in a high volume consumer packaged goods company (preferably food). This will be accompanied by a high quality degree and the ability to work well in a small team and with third party relationships.

To take your career up another level, write with full CV to Jack Moroney, Kraft Jacobs Suchard, Jacobsgasse 3, A-1140 Vienna, Austria or by email: jmoroney@kjs.com by 5th May 1999.

Kraft Jacobs Suchard

EUROPEAN EQUITY ANALYST

Excellent package - London based

Our client is one of the largest and most strongly capitalised financial services groups in the world. Managing funds Continent-wide, their European Equity Growth Team is anticipating significant growth over the next 2-3 years, both in terms of assets and clients.

To contribute to this development and build on their strong market position, they are now looking for a high-calibre individual to strengthen the team. Providing broad support to two senior Fund Managers, the role will involve conducting in-depth research, monitoring the activities of companies held in client portfolios, liaising closely with senior company management and compiling detailed investment reports. This is a key role driving the success of a respected and fast-growing operation.

The successful candidate will be expected to make a significant contribution from an early stage. Therefore, you must have not only an excellent knowledge of European equity markets but also a passion for them. A strong quantitative approach to company analysis and fund management is also essential. Your impressive profile will include at least a 2:1 degree in a numerate discipline and around four years experience in European Equities with a top investment firm, either as an Analyst or a Junior Fund Manager. You are also likely to have other European language skills. Personable, creative and flexible, you must above all thrive in an environment where both individual initiative and a strong team culture are equally valued. In return, this is an outstanding opportunity to explore new ideas, grow with the role and influence a multibillion-dollar business. The package and the prospects are second to none.

To apply, please send your CV, quoting reference Z322 to: The Response Handling Team, Associates in Advertising (AIA), 5 St John's Lane, London EC1M 4BH. Closing date: 5th May 1999.

Applications will be sent only to this client, but please indicate any organisation to which your details should not be forwarded.

aia

HR MARKETING & COMMUNICATIONS

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Our 100-strong **Client Training Group** is based in London and provides leading-edge training consultancy services to prestigious organisations. The expansion of this group means we are now looking for professionals with creativity, imagination and flair, who thrive on constant challenge and have the sensitivity and determination to implement change successfully.

As a Training Consultant you will bring your technical expertise in **banking, capital markets, investment management, financial services regulation** or **risk management** into the training arena. Working closely with clients, you will analyse their business and develop tailor-made solutions to address the scale, complexity and sector-specific nature of the challenges they face.

For individuals with at least 5 years' practical market experience, this is an excellent opportunity to gain exposure to consultancy. *Prior involvement in training is not essential* although you will need to show excellent presentation and interpersonal skills. Equally valuable is the ability to understand complex business issues and manage client relationships at a senior level.

Alternatively, you could already have practical experience of working within a financial services training environment. You may have been delivering financial services courses, exam training or operating as a training consultant. Whatever your background you will need be able to show excellent training or consultancy skills. Given the European aspect of the role, international travel will be required and knowledge of a second language would be useful.

To transform business through training - and transform your own career prospects in the process - first convince us you have the experience, skills and personal qualities to succeed.

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Please write to: Mary Logie, Recruitment Manager, PricewaterhouseCoopers, No.1 London Bridge, London SE1 9QL.
Email: mary.logie@uk.pwcglobal.com

PricewaterhouseCoopers refers to the UK firm of PricewaterhouseCoopers and to other member firms of the worldwide PricewaterhouseCoopers organisation. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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ASSOCIATE

HIGH YIELD CAPITAL MARKETS DEPARTMENT

Our client, a leading global investment bank, seeks an exceptional individual to join their highly successful Capital Markets Division at *Associate level.*

The successful candidate will utilise their specialised knowledge of the high yield product market, acting as a key team member handling all aspects of high yield origination, including business development, due diligence, structuring and execution. The role includes an increased focus on Latin American client relationships and the day-to-day leadership of junior members.

To qualify, you will need proven academic excellence, including an MBA from a top business school. A minimum of 4 years' experience gained in an International blue-chip financial services organisation is essential and must include exposure to telecommunications privatisation, in-depth knowledge of the Latin American market, a focus on Brazilian corporations and extensive experience in the *origination* and execution of corporate high yield transactions. Fluency in English, French and Portuguese is essential and a fourth European language would be useful. In addition, strong oral and written skills are a must, as is a proven ability to cope in a highly pressurised environment.

To apply, please send your CV, quoting ref: 2324, to: The Response Management Team, AIA, 5 St. John's Lane, London EC1M 4BH. Closing date: 19th May 1999.

Applications will only be sent to this client, but please indicate clearly any company to which your details should not be forwarded.

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HR MARKETING & COMMUNICATIONS

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Due to our continued expansion The Bank Relationship Consultancy has a unique opportunity for experienced cash management consultants to join its thriving international practice. With offices in London and Antwerp, the consultancy provides independent advice to companies on all aspects of banking, finance and treasury management. We also provide selected services to banks, including market research, product development and benchmarking.

High Expectations - High Returns.

We are seeking highly motivated individuals who have already established a promising career with an international bank. They must have an in depth knowledge and understanding of both the corporate and bank aspects of cash management and be very familiar with international payment systems and advanced pooling techniques. We need people who are used to working with multi-national corporations at a senior level to create innovative cash management solutions within Europe and preferably globally.

With strong communications skills, you want the challenge of developing further with a diverse set of clients.

Please send your detailed CV stating current salary and benefits to:

THE BANK RELATIONSHIP CONSULTANCY

The Chief Executive
The Bank Relationship Consultancy
17 St. Helen's Place
Bishopsgate
London EC3A 6DG
Fax: +44 (0)171 256 5658
www.bankrelations.co.uk

European Investment Manager

West End **Excellent Package**

Pantheon is a dynamic, independent investment management group whose speciality is investing in private equity funds worldwide. With offices in London, San Francisco and Hong Kong, we currently have over $2.8 billion under advice and management.

A demanding and varied role now exists within our expanding European investment team, in which the selected candidate will gain a wide range of experience encompassing selection of new investments, monitoring existing investments and maintaining and developing client relationships.

The successful candidate will be:

- An enthusiastic and motivated team player.
- Mature and intelligent.
- Interested in people.
- Analytical and numerate.

A western European language is a prerequisite, plus fluency in English.

You will have a background in investment management, analysis or consultancy. Private equity experience is not essential.

If you feel that you have the skills necessary to become a key member of Pantheon's team, please write enclosing your CV and current salary details to Mrs Sue Boyce, Pantheon Ventures Limited, Charles House, 5/11 Regents Street, London SW1Y 4LR.

PANTHEON

PRIVATE EQUITY SPECIALISTS

Chair in Software Engineering

- School of Information Technology
- Melbourne, Australia

Swinburne is a tightly focussed university with a mission to achieve the highest international standard in its chosen disciplines. It is currently expanding significantly its research capability.

The School of IT has a vibrant teaching and research program. We offer one of Australia's few engineering bachelors' degrees in Software Engineering and also have a strong graduate coursework program. Our Human-Computer Interaction research group is Australia's most prominent. It is our vision to develop and maintain a particularly human-centred view of Software Engineering.

The ideal candidate for the Chair will have an excellent research record, a history of obtaining external funding and also a strong interest in Software Engineering education. We are seeking someone with a particular ability to lead and inspire others to achieve.

We offer a salary of AUD $91,074, a salary loading of up to 20% based on performance and 17% employer contributions to superannuation.

The School has two further vacant positions in Software Engineering. The appointee can expect to have a major role in selecting staff to fill these vacancies.

The Head of the School, Associate Professor Doug Grant, will be in the UK between 3 and 7 May, and will be happy to make arrangements to meet those who might be interested in the position. Please email Professor Grant on dgrant@swin.edu.au if you are interested.

SWIN BUR NE

SWINBURNE UNIVERSITY OF TECHNOLOGY

Please visit the School's website at: http://www.it.swin.edu.au/ to obtain further information about the School.

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Philipp Holzmann International, a construction subsidiary of Philipp Holzmann, AG, has *challenging and rewarding roles for experienced* professionals. These opportunities are based in New York and involve significant overseas travel. Salaries for each position will be commensurate with experience. Send resume to **R.H. Easu, Jr., Director of Human Resources in New York City. Fax: (212) 916-8961, e-mail: resau@jajones.com.** An equal opportunity employer.

Senior Performance Measurement Specialist

Asset Management

Our client is one of the leading investment houses in the UK with over £50 billion under management and a quality investment process to match. Its newly restructured Performance and Risk measurement team is a key driver of its ambitious growth strategy.

At the forefront of its industry, it requires an experienced and forward thinking performance specialist to establish a centre of excellence in performance measurement with a view to:

City

- Provide leading edge performance measurement techniques across investments
- Bring their own expertise to the production of quality risk and performance analysis
- Be a champion of the integration of performance and risk measurement processes
- Contribute measurably to the investment process, identifying key improvement areas

Candidates should have a minimum of 5 years experience gained in a performance measurement environment. A coach and a team leader, you will be a lateral thinker and a practical implementer, able to respond to the evolving needs of a growing business.

Package to attract the best

People skills as well as technical excellence will be paramount to making a success of this unique opportunity to help create a blue print in the investment industry.

Interested candidates should write with full CV, quoting current rewards package to Emmanuelle Arthur, Global Financial Services Practice, Hoggett Bowers, 28 Essex Street, London WC2R 3AT, Tel: 0171 970 9800, Fax: 0171 353 6924, quoting ref: LEA/22750/FT.

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Collins Stewart (CI) Limited.

Collins Stewart (CI) Limited part is of the Singer & Friedlander Group. We provide stockbroking and asset management services to UK and offshore institutions, offshore Trusts, fiduciaries and high net worth private clients.

Following rapid growth in 1998, we require additional staff to meet the demands of continued expansion. We are interested in receiving applications for the following positions:

- Fixed Interest Sales
- Institutional Equity Sales
- Sales Trader
- *Private Client Stockbroking and Asset Management*

Only those with the following need consider applying:

- A high degree of professional excellence and discipline
- A minimum of 4 years experience in a stockbroking or asset management environment
- An existing professional qualification or a willingness to study

Please send your CV and details of your existing remuneration package to:

Debbie Soppitt
Collins Stewart (CI) Ltd.
PO Box 3
44 Esplanade
St Helier
Jersey, JE4 0XQ

RESIDENTIAL STATUS IS NOT ESSENTIAL

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ACCOUNTANCY APPOINTMENTS

EUROPEAN FINANCIAL CONTROLLER

READING

C. £70,000 + CAR + BONUS + BENEFITS

Our client is a leading supplier of design automation (EDA) solutions to the global electronics market. Inside one decade it has grown from a small-start up to a market leading $700m Company. It can count almost every major electronics company in the world as its customer and continues to grow both organically and by acquisition.

Following an internal promotion, they are looking for a commercially minded individual who will be responsible for the financial controls and processes within Europe, whilst supporting Sales and Operations across the region.

Reporting to the International Controller, your responsibilities will be:

- all financial reporting, budgets, forecasts and analysis
- financial control including the implementation of local revenue recognition control
- legal matters including Company secretarial, M&A activity, customer contracts and financing arrangements
- direct and indirect management of 20+ staff including management and support of the IT function
- evaluation of commercial opportunities

The successful candidate will be a talented finance professional with strong commercial acumen, probably from the software sector. He or she will have excellent communication skills, be proactive and have proven ability in working closely with sales and marketing management. Revenue recognition and pricing knowledge would be a distinct advantage.

Interested candidates should contact **Simon North or Julie Davis at Robert Walters Associates, Sovereign House, 57-59 Vastern Road, Reading, Berkshire RG1 8BT.** Tel: 01189 252 999 Fax 01189 252 990.
E-mail: simon.north@robertwalters.com Web: http://www.robertwalters.com
You may also apply via http://taps.com/Robert_Walters quoting reference RW312.

ROBERT WALTERS ASSOCIATES

FS30091

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Manager, Financial Planning & Analysis

Attractive salary + car + bonus + relocation assistance **London**

A world leader in advanced avionics, medical systems and specialised industrial products, Smiths Industries is a truly internationally focused FTSE 100 plc. With a turnover approaching £1.2 billion and an enviable track record of growth both organically and by acquisition, Smiths Industries is a high-performance and change-orientated business able to offer outstanding career paths for high calibre individuals.

An internal promotion has created the opportunity for a commercially astute finance professional to take full responsibility for Financial Planning & Analysis at the company's Corporate Headquarters in London.

Reporting directly to the Group Financial Controller, this is a high-profile role that will enable you to contribute to the future worldwide growth of the business by providing top-quality information and analysis to corporate management and the main Board.

You will be able to demonstrate:

- A proactive approach, commercial curiosity and expertise in financial modelling to enable you to "see around the corner" and identify future business trends
- A well developed communication style giving you the credibility to deliver key financial and operational information at a senior management level
- At least five years' post qualification experience and a track record of achievement within a commercial environment, probably with another blue-chip organisation.

You are now seeking to add value at a corporate level to an already highly successful business. Your career ambitions will match Smiths Industries own enthusiasm for employee development and internal promotion both within the UK and internationally.

For further information, please contact Martin Tucker at Executive Connections, 43 Eagle Street, London WC1R 4AP. Telephone: 0171 304 9000 or e-mail: martin.tucker@executive-connections.co.uk

For more information on Smiths Industries, please visit our website at www.smiths-industries.com

We positively welcome applications from suitably qualified individuals irrespective of racial origin, sex or disability.

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ASSISTANT CONTROLLER

Frankfurt Area Germany
DM Excellent Package

Hertz

The Hertz Corporation, a world leader in the transportation services industry is looking for a high calibre Assistant Controller for its German car rental subsidiary. This position reports to the Financial Controller, Germany.

Responsibilities will include working with the Financial Controller to:

- direct the financial and accounting functions of the business unit in accordance with US GAAP standards and local statutory requirements;
- prepare, analyse and interpret financial matters for utilisation by management in the decision making process and evaluate data with reference to company and unit objectives;
- establish and maintain an integrated financial plan consistent with the company's goals and objectives, both short and long term, analysed and revised as required and communicated to all levels of management;
- develop and revise internal control standards to provide guidance and assistance to other members of management in ensuring conformance with company standards;
- take direct responsibility for the management of various departments in the Finance organisation. These include Business Planning, MIS, Internal Control and Treasury.

The ideal candidate will have the following profile:

- 3-5 years experience with proven track record of increasing responsibility within a major auditing firm or in the Finance organisation of a US multi-national;
- a qualified accountant and/or MBA in Finance would be desirable;
- the individual will display both strong technical skills in the areas of accounting and finance as well as considerable business acumen and a good working knowledge of MIS functions;
- must be fluent in German and English.

The successful candidate will have a 'hands-on' management style and work ethic. This is a challenging and demanding role which will require a proactive individual with superior communication skills and a grasp of management as well as the ability to make a significant contribution to the performance and profitability of the company. The individual must also be able to work and contribute positively with the local team as well as develop a working relationship with the European HQ.

In the first instance, please contact, in complete confidence, Chris Harding or Renato Raho on +44 171 806 8683. Alternatively, please send your full CV, including the details of your current remuneration and quoting reference CH1000, to them at HW International, Cardinal House, 39-40 Albemarle Street, London W1X 4ND, UK.
Fax: +44 171 393 0213.
E-mail: renato.raho@hwgroup.com
Internet: www.hwgroup.com

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Finance & Planning Manager

Financial Services

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THE COMPANY

- Wholly owned subsidiary of one of the world's largest companies. Market leader. Profitable and growing.
- IT department responsible for $80m IT spend, much with premier outsourcing suppliers. Strong focus on premium service to clients.
- Innovative and creative IT programmes. Unbureaucratic management.

THE POSITION

- Control, manage and develop advanced financial reporting. Coordinate International budgeting and forecasting. Improve existing systems and processes.
- Play key role in business planning and analysis. Increase availability and accuracy of critical information. Ensure value for money.
- Interact with both finance and non-finance community, as well as vendors, globally.

QUALIFICATIONS

- Qualified accountant. At least four years' post qualification experience. Significant track-record of managing complex and high volume accounting systems.
- Thorough understanding of the business implications of capitalisation and depreciation essential. Knowledge of SAP and Financial Services useful.
- Organised, well-rounded, persuasive communicator. Single-minded and inquisitive. Committed to quality.

Please send full cv, stating salary, ref FS201604FT, to NBS, 21-26 Garlick Hill, London EC4V 2BX
Fax 0171 489 0698 Email fsp@nbi.co.uk Tel 0171 379 1070

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FINANCE DIRECTOR PAKTEL

Cable & Wireless

PAKISTAN UP TO £60k

+FULL EXPAT BENEFITS

The Group
Cable & Wireless is one of the best known telecoms companies in the world, a major player in the field of integrated telecoms. As a leading global player with 17 million customers throughout 70 countries, C&W is perfectly placed to meet the challenges of the next Millennium.

The Company
Paktel, an 80% subsidiary of C&W, is one of the largest mobile operators in Pakistan with a customer base of over 75,000 subscribers covering every major city through a network of 17 offices and over 500 staff.

The Role

- As Finance Director you will manage and develop a team of 55 staff in 17 locations.
- In the Chief Executive's absence you will assume full responsibility for the company.
- Accurate and timely financial reporting will be a key feature encompassing: key performance indicators, monthly reporting, forecasts and the annual business plan.
- Management of the HR function of 14 staff in 3 offices.
- Executive banking relationship management skills will be key to the debt finance rollover negotiations that you will lead.
- Other key responsibilities will be the full implementation of a multi-location Y2K compliant general ledger system.
- Liaison with senior government officials, the Central Board of Revenue and the national telecom regulator.

The Candidate
Commercial, strategic, hands-on and able to lead a multi-tasking group, you will have proved through an impressive international career that you can add value to a blue chip organisation. Having qualified you will have at least 5 years operational/financial experience, giving you the ability to negotiate skillfully and lead from the front.

If you wish to be considered for this role, please contact Edmund Pritchard at DLA Recuitment Consultants. E-mail: jacque@llambias.co.uk Fax: +44(0)171 379 4820 or write to the International Division, DLA Worldwide, 10 Bedford Street, London WC2E 9HE United Kingdom.

Any CVs forwarded to C&W will be redirected to DLA.

DLA Recruitment Consultants

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Finance Director

Schnell wachsendes internationales Unternehmen der Konsumgüterbranche

Based UK **angemessene, attraktive Vergütung und zusätzliche Nebenleistungen**

Als Teil einer umfangreichen diversifizierten Gruppe ist dieses weitgehend unabhängige Unternehmen mit einem Umsatz von ca. £150 Millionen schon heute ein Marktführer in seinem äußerst zukunftsträchtigen Marktsegment. Ausgezeichnete Fertigungstechnologien, eine effiziente Logistik und hervorragende Produkte bilden die Basis für weiteres schnelles Wachstum sowohl organisch wie durch Akquisition.

Berichtend an den Vorstandsvorsitzenden ist dies eine Schlüsselrolle in der Führungsmannschaft mit voller Einbindung in alle Geschäftsaktivitäten. Wichtigste Verantwortungsbereiche sind die Finanzen im operativen Geschäft, Management Informationssysteme, Informationstechnologie sowie die Auswahl, Durchführung und Integration von internationalen Akquisitionen. Sie werden ebenfalls Verbesserungsprogramme initiieren und führen, um sicherzustellen, daß das Unternehmen nach modernsten Gesichtspunkten geführt und Weltklasse Leistungsstandard erreicht und einhält.

Sie bringen die entsprechenden beruflichen Voraussetzungen als qualified Accountant oder Wirtschaftsprüfer mit und sind ein erfahrener Finance Manager mit guten EDV-Kenntnissen in einem schnell wachsenden internationalen Unternehmen. Als „Change Agent" warten sie darauf, als Mitglied eines enthusiastischen und talentierten Führungsteams ein herausragendes Unternehmen aufzubauen und zu führen. Aufgrund der internationalen Aufgabe sind gute Deutschkenntnisse in Wort und Schrift Voraussetzung.

Das Einkommen und die Nebenleistungen sind ebenso wie Ihr Wohnort Verhandlungssache.

H&S EXECUTIVE RESOURCING

Bitte schicken Sie Ihre aussagefähigen Bewerbungsunterlagen in englischer Sprache (tabellarischer Lebenslauf und Angabe Ihrer Gehaltsvorstellung) an Heidrick & Struggles International, 82 King Sreet, Manchester M2 4WQ. email:lst@h-s.com Diskretion und die Einhaltung von Sperrvermerken sind selbstverständlich.

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ENRON

ENERGISE YOUR CAREER

Excellent salary and benefits package

London Based

Enron is one of the world's largest integrated energy companies with approximately $30 billion in assets. The company is recognised throughout the industry as a leader in optimising emerging business opportunities by providing competitive pricing, reliable supply, asset optimisation, risk management services and access to low cost capital. Based in London, Enron Europe focuses primarily on the UK, continental Europe, Scandinavia and the Former Soviet Union.

As an organisation with an international reputation for innovation, Enron is looking to fill the following role to support our commercial activities as they continue to expand.

Transaction Support Specialist

The European Transaction Support group works closely with both the front office traders, marketers and originators, and other back office teams and is responsible for ensuring that all transactions are accounted for correctly and are structured to maximise accounting benefit. The group is also responsible for financial due diligence on any mergers and acquisitions.

As an integral part of the team, you will play an active part in structuring complex transactions and provide input to M & A activity. This will require technical excellence and strong interpersonal skills as you will coordinate outside advisers and be a part of internal deal-making teams. You will also liaise with back office and accounting personnel to ensure that transactions are properly reflected in both management and external accounts.

The successful candidate will be a qualified accountant (probably a CPA) with at least 4 years' post-qualification experience and in-depth knowledge of US GAAP. You will need to establish credibility in this challenging environment and be able to deal simultaneously with multiple complex transactions. Knowledge of other European GAAP systems would also be advantageous.

Please send your CV, quoting reference 30002055, to Kate Bruges, Human Resources, Enron Europe Limited, Four Millbank, London SW1P 3ET. Fax: 0171 970 7857, email: jobs@enron.co.uk
For more information on Enron visit http://www.enron.com

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FINANCE MANAGER

phones 4u

STOKE ON TRENT **TO £50K PACKAGE**

Phones 4U is the UK retail subsidiary of The Caudwell Group, one of the world's largest independent distributors of airtime and cellular products. Phones 4U is a service-led, customer-focused organisation currently enjoying considerable success. It is fast becoming a highly visible high street brand. The business is now benefiting from the results of considerable investment in staff, customer care, advertising and brand awareness. With a turnover in excess of £30m and over 74 stores, the business continues to grow at a considerable rate. In order to assist this expansion and to fulfil ambitious development plans, Phones 4U seek to appoint a high-calibre Finance Manager. Reporting to Board level and managing a team of professional staff, the role will have full responsibility for all aspects of financial reporting and management. You will be expected to proactively develop the finance function and financial systems in order to provide outstanding support to operational management. You will need a disciplined but flexible approach in what is a rapidly moving environment requiring strong financial control coupled with commercial acumen. The successful candidate will be a young, highly ambitious and commercially focused qualified accountant. Whilst retail experience would be of assistance, more important will be your desire and motivation to succeed in one of the most dynamic and aggressive market sectors. Operating in a meritocratic environment, career prospects within the group are outstanding. **We are handling this assignment exclusively. Apply in writing, reference FT0459M to Suite 1A, Portland Buildings, 127 - 129 Portland St, Manchester M1 4PZ. Tel: 0161 228 3005. Fax: 0161 228 0677.**
Email: ft0459m@hitchenor-maher.co.uk
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FINANCIAL CONTROLLER

LIVERPOOL **£50K + CAR + RELOCATION PACKAGE**

Our client, a fully listed Plc, is one of the UK's leading private client investment management groups. Acquisitive and highly profitable, it is experiencing a very exciting period in its development. Its turnover has tripled in the past five years to nearly £60 million and it now handles funds in excess of £4 billion. Reporting to the Group Financial Controller in London, this is a number one role managing the finance department of their largest finance and administration office. A key part of the local management team, it requires an individual focused towards identifying and dealing with a variety of commercial issues in a fast moving and competitive environment. Other responsibilities include the continual review and development of all performance, statutory and regulatory reporting in line with the expanding commercial needs of the business. Prospective applicants must therefore be able to combine excellent technical skills with the personality and drive to succeed in a challenging and corporate environment. Previous experience in financial services or a similar environment would be a distinct advantage. **We are handling this assignment exclusively. Apply in writing, reference FT0458M to Suite 1A, Portland Buildings, 127 - 129 Portland Street, Manchester M1 4PZ. Tel: 0161 228 3005. Fax: 0161 228 0677.**
Email: ft0458m@hitchenor-maher.co.uk
Website: www.hitchenor-maher.co.uk

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Financial Analyst

International Property Group

c.£60,000 + Benefits **Central London**

Unique opportunity for finance professional to fulfil vital, challenging role in pre-eminent international organisation.

THE COMPANY

- Leading property investment and development group. Prestigious, rapidly expanding portfolio across UK and Continental Europe.
- Group strategy currently adding significantly to existing assets in Retail, Leisure Office/Commercial and Residential sectors.
- Highly dynamic culture. Small, influential head office management team with revered industry-wide reputation.

THE POSITION

- Report to Deputy Chief Executive. Detailed financial involvement in all aspects of UK and European property transactions to advance the business.
- Analyse and evaluate business development proposals using detailed feasibility studies and financial modelling techniques. Recommend appropriate commercial action.
- Work closely with senior management team. Liaise extensively with international tax advisors.

QUALIFICATIONS

- Graduate qualified accountant or MBA. Minimum four years' financial analysis experience gained within leading investment bank, consultancy or blue chip corporate. First class intellect and strong commercial approach. Property experience desirable but not prerequisite.
- Well developed financial analysis skills. Highly computer literate and expert modeller. Comprehensive understanding of corporate tax including implications of complex international transactions.
- Self motivated, mature and robust. Persuasive, confident communicator (both orally and in writing).

Please send full cv, stating salary, ref FS201585FT, to NBS, 21-26 Garlick Hill, London EC4V 2BX
Fax 0171 489 0698 Email fsp@nbi.co.uk Tel 0171 379 1070

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STABLE FOUNDATION SUBSTANTIAL GROWTH

Two sides of a success story

FHA can offer finance professionals an enviable combination - substantial growth built upon a solid and secure financial base. We have recently won two major contracts worth £70m plus, and we are now setting our sights on further expansion.

Deputy Finance Director £40 - £46k

There is much here for the ambitious. The housing sector has never been more competitive or dynamic, making long-range financial planning, performance monitoring and forecasting essential to our future strategies.

You will do some forward thinking, managing a private finance portfolio of bonds and loans exceeding £100m. You must have substantial experience and exposure to treasury and financial planning, ideally gained in a housing-related field.

We need somebody with strong technical skills who can deliver. In return, you will enjoy a stimulating intellectual challenge coupled with a steep learning curve.

For an application pack please write or fax the Personnel Department, 373-377 Clapham Road, London SW9 9BT. Fax: 0171-737 1609. Please quote ref AD73. The closing date for *requests for an application* form is Wednesday 28th April 1999.

FAMILY HOUSING ASSOCIATION

FHA is committed to an equal opportunities policy and welcomes applications from all people regardless of their age, creed, disability, gender, race and sexuality. Applicants from ethnic minorities are encouraged as they are currently under-represented at this level. (Section 38 (1) (b) of RRA (1976) applies). We operate a no smoking policy

Finance Director

Driving Change and Development

Our client is a major subsidiary of a leading name in a dynamic market where the key to success is in the delivery of innovative and quality products. In an environment which demands constant change and improvement the role of the Finance Director is instrumental in identifying and implementing essential developments.

London

Specific responsibilities include:

- *Improving the efficiency of Finance and the delivery of essential management information*
- Supporting the MD and the management team in all aspects of decision-making
- Directing, developing and motivating staff during a period of operational and cultural change
- Taking a leading role in business development initiatives including the evaluation of proposed investments and new product scenarios

To contribute proactively to improvements in operational effectiveness and to the commercial decision-making which will drive this business forward you will be a Qualified Accountant with a broad financial management background. You must evidence a track record of isolating key issues and of formulating and implementing solutions. An agent of change you will be flexible, open-minded and persuasive, with an easy ability to work through others.

c.£80,000, plus benefits

Your communication and relationship building skills are of paramount importance and your tenacity is essential. You will be creative, energetic and enthusiastic with a commitment to adding value.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 28 Essex Street, London WC2R 3AT, Tel: 0171 970 9600, Fax: 0171 936 3974, quoting ref: LKW/22904/FT.

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THE ROLE

- Reporting to the Chief Executive with full responsibility for all financial management and control, budgeting, forecasting, business planning and capital appraisal.
- Leading and working closely with the devolved subsidiary finance teams to improve processes and update IT systems as well as influencing the overall commercial direction of the business.
- Playing a leading strategic role in identifying, negotiating and, importantly, integrating acquisitions on a global basis.

THE QUALIFICATIONS

- Dynamic, experienced and mature chartered accountant with ten to fifteen years' experience in a blue-chip manufacturing PLC. Will have worked at a senior level in the centre, ideally as a PLC Finance Director, or held a significant divisional role in an international, growing, market-driven business.
- A strong character with first-class leadership and communication skills. Commercially astute with an open style and acceptable at PLC board level.
- A clear-thinking, analytical manager with well-honed strategic skills but who is imaginative in thought and practical in execution. Hands-on and detailed but does not smother his team.

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Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. MCH/24574-3/49, Gladstone House, Redvers Close, Lawnswood Park, Leeds LS16 6QY

Head of Finance and Administration

London, West End **£45,000 - £50,000 plus benefits**

Our client, a long established, prestigious service sector group, has built an outstanding market reputation through the organisation of high profile events and use of sophisticated mail order techniques. Medium sized, but expanding into new business areas, they seek a qualified accountant to undertake an unusually broad role managing their finance and administration functions and evaluating new business opportunities.

Reporting to the Chief Executive, the Head of Finance and Administration will assist the strategic planning process by presenting accurate and timely management information at a variety of management meetings. They will lead and motivate a small team to produce management and statutory accounts. In addition they will contribute to a range of administrative issues which extend from treasury and pensions administration to contributing to the running of exhibitions and improving the use of IT.

Candidates should offer a proven track record in accounting, a knowledge of administration and the ability to liaise effectively with non-accountants. They should be equally at home using their highly developed communication skills to influence management meetings as they are in making a "hands on" contribution to a range of finance and administrative issues. Age is immaterial.

As the organisation is expanding, candidates should also possess the ability and potential to manage change and meet the challenges of a larger environment.

In the first instance please forward a Curriculum Vitae quoting reference 9914 to:-

PKF worldwide

John Silk
Head of Executive Recruitment
Pannell Kerr Forster
New Garden House
78 Hatton Garden
London EC1N 8JA
Fax: 0171-405 6736

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We have opportunities in Edinburgh, Newcastle or on a home-working basis.

In return, we are offering highly competitive salaries and flexible contracts, probably in the region of two years.

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VACANCY IN THE EUROPEAN CENTRAL BANK

OPERATIONS TECHNOLOGY EXPERT IN THE DIRECTORATE GENERAL FOR OPERATIONS

The European Central Bank (ECB), established in Frankfurt am Main on 1 June 1998, is urgently seeking applications from suitably qualified candidates to fill a vacancy in its Directorate General for Operations. The ECB has its own terms and conditions of employment, including a competitive salary structure, retirement plan, health insurance and relocation benefits. Candidates must be a national of a Member State of the European Union.

Within the ECB Front Office Division, the holder of this position will be responsible for the development of analytical tools for financial market monitoring and reporting, and will also

- contribute to the analytical work of the other professionals in the Division by designing and implementing information technology applications;
- co-ordinate the information technology needs of other professionals in the Division and, in co-operation with the ECB's IT experts, provide solutions to the various financial and technical issues;
- contribute to the improvement of the analytical and technological profile and sophistication of the Division, to keep it up to date and apace with developments in information technology for financial markets.

These tasks require the combination of financial market knowledge (instruments and techniques) with IT expertise. They will involve understanding the information and analytical needs of the Division and the generation of solutions (applications), which will be to a large extent developed in-house. It will therefore require the involvement of the professional, in liaison with the other professionals of the Division and also with the ECB's Directorate General for Information Systems, in the whole development process, from the design to the implementation phase.

Qualifications

- University degree in information technology, economics/business administration or comparable qualifications.
- Strong Microsoft Office (including Access) VBA development and web publishing (HTML 4.0/Javascript) skills. Strong quantitative skills in finance or information technology. Experience in Reuters, Pearl or Java would be an asset.
- Knowledge of financial market instruments and techniques.
- Ability to work in a team and under time pressure. Ability to communicate, orally and in writing, complex issues in non-technical terms.
- Very good command of English. Working knowledge of at least one other European Union language is required.

Ref: ECB/92/99FT

Applications

Applications should include a Curriculum Vitae and a recent photograph, together with references confirming the required experience and skills. They should quote the reference number and should be addressed to the **European Central Bank, Directorate Personnel, Postfach 16 03 19, D-60066 Frankfurt am Main**, and should reach us no later than 7 May 1999. Applications will be treated in the strictest confidence and will not be returned.

This vacancy is also published on the Internet at http://www.ecb.int, but applications should only be submitted on paper via surface mail.

QUANTITATIVE ANALYSTS

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Exotic Equity and Interest Rate Derivatives

Our Client is one of the world's foremost global integrated securities houses with a strong reputation for leadership in financial product development, risk management approaches and technological innovation. Due to considerable business expansion they are now seeking to recruit a small number of highly talented quantitative analysts to enhance their quantitative resource group. The group comprises of senior financial engineers, quantitative analysts and technologists working closely with the trading, credit and risk management functions of the bank.

An excellent mathematics/science/economics background is required and should include a 1st or 2:1 honours degree from a top university with a PhD and preferably a minimum of two years' relevant experience in finance. Hands-on computing experience is required including for example: C, C++, Visual C++, Visual Basic, Excel etc.

Remuneration is excellent and includes substantial bonus and benefits.

Please send a full CV in confidence to Sunita Russell at Devonshire Executive 13 Austin Friars London EC2N 2JX Tel. 44(0)171 670 1873 Fax: 44(0)171 670 1795 E-mail: Srussell@Devonshire.co.uk www.devonshire.co.uk

Devonshire executive

PROJECT MANAGER / BUSINESS ANALYST

Business Analysts – Investment Banking

City of London *£35,000-£52,000 + benefits*

We are currently looking for exceptional business analysts for one of the world's premier investment houses. You must have at least 3 years business analysis experience in an investment bank / financial area and a proven track record in a technical environment including, GLOSS, UNIX, SQL, Windows NT or XTAS. In addition, you will be an excellent communicator, confident, pragmatic, dynamic and possess in depth business knowledge in Settlements, Securities or Derivatives. Excellent career opportunities and challenging projects await only outstanding candidates.

Project Manager – Investment Banking

City of London *to £65,000 + benefits*

For this role, with a major investment bank, you must have at least five years full lifecycle project management experience in the Investment arena, as well as an excellent technical background and knowledge of methodologies such as PMW or MS Project. In addition, you must have experience of migrating users and an excellent degree. This opportunity centres on greenfield development and as such all candidates must be dynamic, creative, confident and be able to expect the unexpected. Career potential is exceptional as will be the successful candidate.

Please contact Andrew Summers on:

Huxley

Tel: 0171 335 5858
Fax: 0171 335 0008
Email: senior.perm@huxley.co.uk

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Our client is one of the world's foremost global investment banks with a strong reputation for leadership in financial product development and technological innovation. They are now seeking to recruit a talented risk manager and quantitative developer to join this front/mid office group. The group is a stimulating mix of analysts and developers sitting close to trading and research, developing and integrating trading/market risk models (including VaR) as well as strategy.

An excellent science/mathematics background is required and should include a 1st or 2.1 honours degree from a top-tier university ideally with a higher degree and preferably a minimum of one year's financial experience. For both roles, hands-on computing experience is required including for example C, C++, SQL, Visual Basic, Excel etc. Enthusiasm will be a distinct advantage.

Remuneration packages are excellent and include a substantial bonus and benefits package.

In the strictest confidence, please send a full CV to Craig Millar at Millar Associates, No 1 Glynde Mews, London SW3 1SB. Please quote reference no. FT2104. Tel: 0171 589 8000. Fax: 0171 589 5010. Email: craig@millarassociates.com

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- asset management, front, middle and back office, institutional and/or private client
- international securities and capital markets
- risk management, operational, credit and market
- securities financing, including Repo, stock borrowing/lending and custodian activities
- financial control
- business and systems knowledge of third party products, such as: GLOSS, Murex, RIMS, Kondor+, SUMMIT etc.

Successful candidates will also be expected to have the desire and ability to participate actively in the development and growth of DoubleHelix, in addition to their consulting responsibilities.

Please e-mail CVs, including your contact number, to:
David Downie or Geoff Dixon at e-mail address: Info@Doublehelix.co.uk

Alternatively please write to:
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Technical Implementation **60k**
London

Requirements: 2 + years Project Management / Support. People skills. Technical training/support. UNIX, NT, Market Data, Sybase SQL, API. Finance/Trading Floor. Manage initial installation and later system work. Upgrades, Trading, Releases. Interface with internal team and clients. Travel required.

Support Analyst **25k**
London

Real-Time Derivative Risk Management and Trading Systems. Finance background, Equity Derivatives knowledge. Trading software or Trade support. Financial modelling. Excellent people skills: teamwork attitude, customer-focussed. Unix / Lotus Notes. Ability to learn new software and technologies.

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PROJECT MANAGER
To £65,000 + benefits

Our client is a leading fund manager with an international reputation for quality and performance. They cover institutional, private client and retail business lines and are supported by a first class IT development group. *They now require a Project Manager* with 4 - 6 years proven experience ideally gained with fund manager, bank or financial services company who will take responsibility for complex development projects for the front office. Current projects include Portfolio Modelling, Portfolio Analytics and Client reporting. *There are a number of planned* projects including Bond Analytics and a review of Market Data Services. This is a high profile position which involves extensive client contact and the ability to deliver projects on time.

QUANTS RISK ANALYST
To £40,000 + benefits

Our client is the Group Risk team within a global investment management firm, their role is to analyse risks associated with any derivatives which funds may have or be planning to invest in. They are now seeking a highly numerate graduate/PhD (maths or physics) with 1 - 2 years experience of the City markets ideally gained within an audit, financial control, middle office or trading environment. You will be thoroughly proficient in Excel and VBA and have the ability to work with other analysts in business development and performance teams. Experience of Options/ Warrants, Structured Products, Statistics including volatility and liquidity measures or information vendors like Reuters, Bloomberg and Datastream would be advantageous.

For a confidential discussion please call Rod MacKenzie at LFI on 0171 208 5800 or on 01279 725 683 (evenings/weekends), alternatively email to *rmackenzie@lawfin.com*

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